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江蘇寧滬高速公路股份有限公司
JIANGSU EXPRESSWAY COMPANY LIMITED

(Established in the People's Republic of China as a joint-stock limited company)

(Stock Code: 00177)

PRELIMINARY ANNOUNCEMENT 2023 ANNUAL RESULTS

The contents of this announcement are disclosed pursuant to Rule 13.49(1) and Paragraph 45 to Appendix D2 of the Hong Kong Listing Rules.

I. IMPORTANT NOTICE

- (I) The board of directors, the supervisory committee and the directors, supervisors and senior management of Jiangsu Expressway Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) warrant that there are no false representations or misleading statements contained in, or material omissions from, this announcement; and jointly and severally accept responsibility for the truthfulness, accuracy and completeness of the contents of this announcement.

The contents of this announcement are extracted from the full text of the annual report, which will be posted on the websites of the Shanghai Stock Exchange (www.sse.com.cn), the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.jsexpressway.com). Investors should read the full text of the annual report carefully for details.

(II) All directors of the Company attended the board meeting.

(III) The audit committee of the Company has reviewed and confirmed the full text and summary of the annual report for the year ended 31 December 2023 and this announcement. KPMG has issued a standard unqualified auditor's report for the Company. The annual financial statements of the Company have been prepared in accordance with the Accounting Standards for Business Enterprises of the PRC and are in compliance with the disclosure requirements under the Hong Kong Companies Ordinance and the Hong Kong Listing Rules.

(IV) Company profile

Class of shares	Stock exchange of listing	Stock abbreviation	Stock code	Previous stock abbreviation
A Shares	Shanghai Stock Exchange	寧滬高速	600377	-
H Shares	The Stock Exchange of Hong Kong Limited	Jiangsu Express	00177	-
ADR	United States over-the-counter market	JEXYY	477373104	-

	Secretary to the Board	Company Secretary	Representatives of securities affairs
Name	Chen Jinjia	Yao Yongjia	Tu Jun
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(V) Unless otherwise specified, the financial figures set out in this announcement are expressed in RMB.

(VI) For the definitions of items and companies set out in this announcement, please refer to Section XI of this announcement.

(VII) In this announcement, there may be minor discrepancies between the sum of individual data and the number of related data, which is caused by rounding during calculations.

II. PROFIT DISTRIBUTION PLAN

During the Reporting Period, the Company realised a net profit attributable to the shareholders of the Company of RMB4,413,272,000 and earnings per share of approximately RMB0.8760. The board of directors of the Company proposed to distribute cash dividends of RMB0.47 per share (tax inclusive) to all shareholders based on the total share capital of 5,037,747,500 shares. The proposed dividends are expected to be paid on 26 July 2024.

III. OVERVIEW OF PRINCIPAL BUSINESSES OR PRODUCTS DURING THE REPORTING PERIOD

The Group was incorporated in Jiangsu Province of the People's Republic of China on 1 August 1992 and is principally engaged in the investment, construction, operation and management of toll roads and bridges in Jiangsu Province and the development of service areas along expressways. In addition, the Group is also actively exploring and developing its transportation+, new energy business and finance industry that promotes production with finance, in order to further expand its profitability and achieve sustainable development. As at the end of the Reporting Period, the Group directly owned seven wholly-owned subsidiaries, four subsidiaries and nine associates and joint ventures, indirectly owned ten wholly-owned subsidiaries, eight subsidiaries and six associates and joint ventures, with total assets of approximately RMB78,661 million and net assets attributable to shareholders of the listed company of approximately RMB33,987 million.

The Group's operating areas are located in the Yangtze River Delta, which is the most economically vibrant region in the PRC. The road and bridge projects owned or invested by the Group involve the roads and bridges serving as the major transport corridors linking roads stretching east-to-west and south-to-north across the Jiangsu Province. The Jiangsu Section of Shanghai-Nanjing Expressway, being the Group's core assets, which connects the six large and medium cities namely Shanghai, Suzhou, Wuxi, Changzhou, Zhenjiang and Nanjing, and is one of the busiest expressways in the PRC. In addition to the Jiangsu section of the Shanghai-Nanjing Expressway, the Group has full or partial interests in toll roads and bridges in Jiangsu Province, including the Ningchang Expressway, Zhenli Expressway, Guangjing Expressway, Xicheng Expressway, Xiyi Expressway, Zhendan Expressway, Yanjiang Expressway, Jiangyin Bridge, Sujiahang Expressway, Changyi Expressway, Yichang Expressway and Wufengshan Bridge. As at the end of the Reporting Period, 17 road and bridge projects were directly operated and invested by the Group, and over 910 kilometers of roads and bridges open to traffic were owned or invested by the Group.

The total share capital of the Company comprised 5,038,000,000 shares, of which 1,222,000,000 H Shares were issued and listed on the Stock Exchange on 27 June 1997, accounting for approximately 24.26% of the total share capital of the Company; on 16 January 2001, the Company issued 150,000,000 A Shares which were listed on the SSE, representing approximately 2.98% of the total share capital of the Company; American Depositary Receipt (ADR) Program in respect of the H Shares, which became effective on 23 December 2002, traded in the over-the-counter market in the United States of America. The Company is the only listed road and bridge company in Jiangsu Province. The controlling shareholder is Jiangsu Communications Holding, which currently holds 54.44% of the Company's shares.

IV. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

Unit: Yuan Currency: RMB

Major accounting data	2023	2022	Increase/ decrease in the Reporting Period as compared to the corresponding period of the previous year (%)	2021		2020		2019	
				After adjustment	Before adjustment	After adjustment	Before adjustment	After adjustment	Before adjustment
Operating revenue	15,192,010,226.04	13,255,603,107.72	14.61	14,260,532,858.18	13,792,587,242.50	8,138,606,879.35	8,032,466,746.34	10,185,097,639.26	10,078,181,218.81
Net profit attributable to the shareholders of the Company	4,413,271,587.29	3,724,115,165.87	18.51	4,280,010,033.09	4,178,794,496.71	2,493,157,887.45	2,464,213,675.74	4,233,161,625.08	4,199,704,371.82
Net profit attributable to the shareholders of the Company, net of non-recurring profit or loss	4,174,743,637.63	3,423,828,879.88	21.93	3,763,332,484.59	3,678,823,218.12	2,369,290,066.87	2,339,998,349.98	4,220,443,364.24	4,186,308,062.59
Net cash flow from operating activities	7,392,424,081.75	5,527,921,046.44	33.73	5,702,769,303.25	5,467,265,535.69	3,174,626,755.01	3,137,401,530.39	5,807,694,458.17	5,763,283,624.15
				The end of 2021		The end of 2020		The end of 2019	
	The end of 2023	The end of 2022	Increase/ decrease at the end of the Reporting Period as compared to the end of the previous year (%)	After adjustment	Before adjustment	After adjustment	Before adjustment	After adjustment	Before adjustment
Net assets attributable to the shareholders of the Company	33,987,287,307.06	31,940,807,710.11	6.41	32,042,387,869.42	30,230,283,751.28	29,874,365,910.98	28,209,961,098.83	29,792,270,207.59	28,546,983,607.15
Total assets	78,661,443,944.36	78,458,345,074.07	0.26	74,246,831,643.32	67,662,020,722.45	65,433,359,329.20	61,095,560,365.16	57,524,609,240.13	55,625,048,624.75

Explanation of reasons for retrospective adjustment or restatement:

As approved at the 2021 annual Shareholders' Meeting, the Company acquired 100% equity interest in YS Energy Company at RMB2,457,000,000. As both the Company and YS Energy Company were controlled by Jiangsu Communications Holding before and after the Company's acquisition of 100% equity interest in YS Energy Company and such control was not temporary, the Company consolidated YS Energy Company in accordance with the PRC Accounting Standard and made corresponding retrospective adjustments to the comparative statement data of the previous period.

In 2022, the Group implemented the "Bulletin of Accounting Standards for Business Enterprises No. 15" (Cai Kuai [2021] No. 35) issued by the Ministry of Finance, which was implemented from 1 January 2022. The Company made retrospective adjustments to the trial run sales between 1 January 2021 and the initial implementation date in accordance with the above provisions.

V. MATERIAL QUARTERLY FINANCIAL DATA FOR 2023

Unit: Yuan Currency: RMB

	Q1 (January - March)	Q2 (April - June)	Q3 (July - September)	Q4 (October - December)
Operating revenue	3,629,503,688.10	3,506,508,265.37	4,473,101,196.03	3,582,897,076.54
Net profit attributable to shareholders of the Company	1,227,071,673.50	1,254,823,702.12	1,554,872,523.94	376,503,687.73
Net profit attributable to the shareholders of the Company, net of non-recurring profit or loss	1,178,526,591.22	1,169,635,888.48	1,416,772,710.74	409,808,447.19
Net cash flow from operating activities	1,623,269,207.65	2,007,685,229.63	1,924,426,237.79	1,837,043,406.68

VI. SHARE CAPITAL AND SHAREHOLDERS

(I) Holders of ordinary shares and shareholding of the top ten shareholders

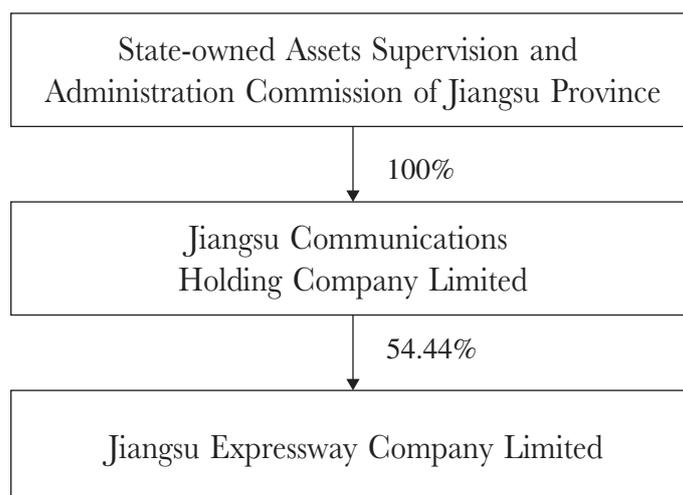
Total number of shareholders as at the end of the Reporting Period (Number of H Shares shareholders: 385 (inclusive))	23,875
Total number of ordinary shareholders as at the end of the latest month before the date of disclosure of the annual report (Number of H Shares shareholders: 384 (inclusive))	26,756

Name of shareholder (Full Name)	Shares of the top ten shareholders (Excluding shares lent under the margin refinancing transfer)			Number of the shares subject to lock-up	Collateralized, tagged, or frozen Status of shares	Number	Nature of shareholders
	Increase/ decrease during the Reporting Period	Number of shares held at the end of the Reporting Period	Equity interest (%)				
Jiangsu Communications Holding Company Limited	0	2,742,578,825	54.44	-	Nil	-	State-owned legal representative
China Merchants Expressway Network & Technology Holding Co., Ltd.	0	589,059,077	11.69	-	Nil	-	State-owned legal representative
BlackRock, Inc.	-23,557,897	110,909,617	2.20	-	Nil	-	Overseas legal representative
Mitsubishi UFJ Financial Group, Inc.	-62,251,752	84,502,845	1.68	-	Nil	-	Overseas legal representative
JP Morgan Chase & Co.	-5,265,969	73,625,857	1.46	-	Nil	-	Overseas legal representative
Citigroup Inc.	-12,311,101	61,398,134	1.22	-	Nil	-	Overseas legal representative
China Merchants Securities Co., Ltd. - SSE Bonus Exchange-traded Stock Investment Funds	-3,527,901	28,385,455	0.56	-	Nil	-	Others
China Galaxy Asset Management Co., Ltd.	-4,705,700	16,704,300	0.33	-	Nil	-	State-owned legal representative
China Life Insurance Company Limited - Traditional - Normal insurance product - 005L - CT001 Hu	-23,471,496	15,048,026	0.30	-	Nil	-	Others
Industrial and Commercial Bank of China Limited - Fullgoal China Securities Dividend Index Enhanced Securities Investment Fund	7,268,411	12,200,098	0.24	-	Nil	-	Others

The top ten holders of shares not subject to lock-up

Name of shareholder	Number of the shares not subject to lock-up	Categories and amount of shares	
		Category	Number
Jiangsu Communications Holding Company Limited	2,742,578,825	RMB ordinary shares	2,742,578,825
China Merchants Expressway Network & Technology Holding Co., Ltd.	589,059,077	RMB ordinary shares	589,059,077
BlackRock, Inc.	110,909,617	Overseas-listed foreign shares	110,909,617
Mitsubishi UFJ Financial Group, Inc.	84,502,845	Overseas-listed foreign shares	84,502,845
JP Morgan Chase & Co.	73,625,857	Overseas-listed foreign shares	73,625,857
Citigroup Inc.	61,398,134	Overseas-listed foreign shares	61,398,134
China Merchants Securities Co., Ltd. - SSE Bonus Exchange-traded Stock Investment Funds	28,385,455	RMB ordinary shares	28,385,455
China Galaxy Asset Management Co., Ltd.	16,704,300	RMB ordinary shares	16,704,300
China Life Insurance Company Limited - Traditional - Normal insurance product - 005L - CT001 Hu	15,048,026	RMB ordinary shares	15,048,026
Industrial and Commercial Bank of China Limited - Fullgoal China Securities Dividend Index Enhanced Securities Investment Fund	12,200,098	RMB ordinary shares	12,200,098
Accounts designated for share repurchase of the top ten shareholders	Nil		
The aforesaid shareholders entrusting voting rights, being entrusted with voting rights, and waiving voting rights	(1) The Company is not aware of the existence of related relationship or acting-in-concert arrangement with respect to the above shareholders; (2) during the Reporting Period, none of the related parties, strategic investors of the Company and general legal persons became the top ten shareholders of the Company because of placing of new shares; and (3) the number of shares of H shareholders is based on the record of the register kept according to the Securities and Futures Ordinance of Hong Kong.		
Related relationship or acting-in-concert	Nil		
Preference shareholders with voting rights restored and the shareholding thereof	Nil		

(II) Flowchart of the shareholding and controlling relationship between the Company and the de facto controller



VII. DISCUSSION AND ANALYSIS OF THE OPERATIONS

(I) Discussion and analysis of the operations of the Company

In 2023, the Company focused on high-quality development, insisted on making progress while maintaining stability of its principal business in roads and bridges and consolidated the foundation for development; optimized its business layout, strengthened multilayer capital operation, and developed driving forces of development; explored the “transportation+”, and cooperated to promote the integration of the industry to improve the development mode. All tasks and works were promoted in a solid manner, leading to further improvement in economic efficiency.

As at the end of 2023, the Company had total assets of RMB78,661 million (2022: RMB78,458 million) and net assets attributable to shareholders of the listed company of RMB33,987 million (2022: RMB31,941 million). During the Reporting Period, the Company achieved an annual revenue of RMB15,192 million (2022: RMB13,256 million), an increase of 14.61% year-on-year, total profit of RMB5,672 million (2022: RMB4,581 million), an increase of 23.82% year-on-year, net profit attributable to shareholders of the listed company of RMB4,413 million (2022: RMB3,724 million), an increase of 18.51% year-on-year, and earnings per share of RMB0.8760 (2022: RMB0.7392), net cash flow from operations of RMB7,392 million (2022: RMB5,527 million), and weighted average return rate on net assets of 13.39% (2022: 11.23%).

1. Road and bridge operations

Investment in the main business was steadily advancing. First, the construction of the Longtan Bridge and the North Connection Project was in order. During the Reporting Period, approximately RMB747 million was invested in the construction of the Longtan Bridge project, with an accumulative investment of approximately RMB3,882 million, accounting for 62.08% of the total project investment, which is expected to be opened to traffic in early 2025. As a key project to connect the under-construction Longtan Bridge to the expressway network, the construction of the Longtan Bridge North Connection Project commenced in August 2022. During the Reporting Period, approximately RMB974 million was invested in the construction, with an accumulated investment of approximately RMB2,620 million, accounting for 37.51% of the total project investment, which is expected to be fully opened to traffic by the end of 2025. **Second, the Xiyi Expressway South Section Widening Project was in steady progress.** The construction of the project commenced on 6 January 2023, and will be opened to traffic by the end of June 2026. During the Reporting Period, approximately RMB775 million was invested in the construction, with an accumulated investment of approximately RMB1,392 million, accounting for 17.95% of the total project investment. The expansion will be able to greatly improve the capacity of Xiyi Expressway, alleviate traffic pressure, enhance service levels and create economic and social benefits. **Third, the Expansion Project of Jiangsu Section of Shanghai-Nanjing Expressway was under preparation.** During the Reporting Period, the Company carried out a preliminary study on the expansion project of Jiangsu Section of Shanghai-Nanjing Expressway, and prepared the planning scheme. The expansion of Shanghai-Nanjing Expressway will be conducive to enhancing the capacity and service levels of the national corridor, and help the five cities in southern Jiangsu to develop as a metropolitan area. **Fourth, the investment and preparation work for the Xitai Project commenced.** The Xitai Project is an important component of the ninth east-west route (Taicang-Gaochun) under the Plan of Jiangsu Province on Expressway Network (2017 to 2035). Investing in the construction of the Xitai Project is in line with the needs of the open and development of the Yangtze River Delta, and is conducive to the elimination of the impact of the diversion of parallel road traffic in the region and the enhancement of operational efficiency. The estimated total investment of the project is approximately RMB24.198 billion, of which the project capital is approximately RMB12.099 billion, the initial registered capital of the project company is RMB6.5 billion, and the Company made a capital investment of RMB3.25 billion, accounting for 50%. As at the end of the Reporting Period, the Xitai Project was still in the preparatory stage.

Traffic efficiency continues to improve. First, the “AI Square” incident application was innovatively introduced to enhance the active discovery of incidents with machine vision. The platform possessed 132 algorithmic engines from 5 categories with higher precision perception capability, and the detection and accuracy rates for incidents such as expressway accidents, suspension of traffic and trespassing reached over 95.8%, which effectively reduced the rates of false alarms and repeated alerts, and significantly improved the speed of response to the events. **Second, the promotion and construction of Free Flow was carried out to achieve the full coverage of the Cloud Tolling.** During the Reporting Period, the transformation of the Free Flow Cloud Tolling Model at Suzhou Station of the Shanghai-Nanjing Expressway was completed, realising for the first time the full application of the Free Flow Cloud Tolling model at high-traffic toll stations. As at the date of this announcement, the toll stations under the Company’s direct control achieved full coverage of at least one inbound and one outbound self-service lane at each station, with the total number of self-service lanes exceeding 120. **Third, special governance of key road sections was carried out, and breakthroughs in the control and management of high-traffic were achieved again.** By enhancing traffic safety facilities and increasing the number of delineation lines, the number of accidents on multiple high-risk sections decreased by 30%. Special investigations have been conducted on road sections with a high incidence of accidents, and special governance for congestion-prone road sections have been implemented, resulting in the number of congestion-prone road sections under the Company’s management dropped from 21 to 12, and the oversaturated flow of road sections during the period of Mid-Autumn Festival and the National Day achieved a 10-minute arrival rate¹ for hindrance clearance and rescue of 90.79%, and an one-hour accessibility rate² of 100%.

1 10-minute arrival rate = the number of road block removal operations in which the personnel arrive at the sites within 10 minutes/the total number of road block removal operations in the month × 100%.

2 1-hour clearing rate = the number of cases where vehicles are dragged away from the sites within 1 hour/the total number of road block removal operations in the month × 100%.

The quality of maintenance continues to improve. First, intensive maintenance has shown significant results. By introducing the concept of digital traffic development, the organization of traffic shifted from passive to proactive, transitioning from static to digital, dynamic, and intelligent approaches. The Company established a traffic congestion warning and alarm system to anticipate traffic development trends, formulated hierarchical control measures, and reduced the occupation rate of maintenance operations³ year by year, with the annual maintenance occupancy rate in 2023 is 0.39, representing a decrease of 30.47% compared with that of last year. **Second, mechanized maintenance has stimulated vitality.** During the Reporting Period, the intensive maintenance project of the Jiangsu section of the Shanghai-Nanjing Expressway was selected as a pilot project for national expressway modernised maintenance by the Ministry of Transport. The Company established a traffic demand prediction model to conduct simulation testing, upgraded the intelligent control platform for asphalt pavement maintenance construction processes, and applied various new maintenance technologies, such as high-precision unmanned compaction. With only 16 effective working days, the Company completed all 15 maintenance construction tasks of the seven major categories, which resulted in a comprehensive economic benefit of nearly RMB20 million compared with the traditional maintenance method, reduced the number of days affected by construction traffic disruptions by over 100 days, and served as another successful practice of the “Jiangsu Expressway-style maintenance” brand. **Third, green maintenance and coordinated development are emphasized.** The Company actively expanded the resonance effect between “green” and “maintenance”, promoted green maintenance with technological innovation, achieved 100% pavement material recycling rate, 100% recycling rate, accelerated comprehensive regeneration, and continuously reduced carbon emissions.

Smart expressway leading the industry. In October 2023, at the 29th ITS World Congress, the most influential comprehensive international conference in the field of intelligent transportation, the Suzhou section of the Shanghai-Nanjing Expressway, as the only expressway scene technical inspection route, demonstrated the intelligent expressway sample project integrating comprehensive operation and management platform, intelligent expansion, Free Flow Cloud Tolling, and cloud-based service areas, and provided Jiangsu Expressway experiences for the intelligent transformation of existing expressways, which was unanimously affirmed by domestic and international experts and scholars.

3 occupation rate of maintenance operations = total hours of maintenance operations/funding for maintenance

2. *Ancillary business*

“Brand” service areas strive for excellence. By creating benchmark demonstrations and maintaining the leading position in service area rankings, the Company identified the characteristics of the positioning of each service area, achieved the dual growth points in the design of aesthetics and attracting investment, elevated the service areas with themes such as “Dao” culture and “Song rhyme”, showcasing service capabilities through exquisite branding. The Company explored new approaches to investment, operation, and management of service areas, and formed a batch of replicable and promotable experiences and practices, leading the construction of the 4.0 version of service areas across the country, and opening up the road of sustainable development with the purpose of “integration of transportation and tourism”. Fangmaoshan Service Area was selected as one of the first batch of typical cases of integrated development of transportation and tourism jointly selected by the General Office of the Ministry of Transport and other departments, and Maoshan Service Area was selected as the “Expressway Tourism Characteristic Service Area” by the China Highway & Transportation Society (中國公路協會) at the Third Session of such award.

Differentiated layouts for “Three Delicacies” service areas. Following the development concept of “more refined environment, more delicate management and more delicate services”, the Company innovated service consumption scenarios, tapped the consumption potential of road passenger flow, and initiated the comprehensive efficiency of the “Golden Passage”. The Company completed the upgrade and iteration of ETC contactless payment system cloud gateway, retail management system and intelligent fuel dispenser at gas stations along the entire line of Shanghai-Nanjing Expressway, which provided better service to the public while improving the stability of the system and the efficiency of data transmission. By cooperating with Sinopec and launching oil card payment and other methods, the Company continuously improved the vehicle entry rate, pass rate and refueling rate, expanded retail sales volume, and broadened profit margins; thoroughly operated the “big platform” investment attraction model in the service area, increased the proportion of retail and experience type of business, launched the first innovative store of expressway network version of SuGuo supermarket in China, organized themed activities such as outdoor car movie nights and car boot sales, constructing a high-standard diversified commercial ecosystem and enhancing the operational efficiency of service areas.

Expanding the scope of “Green” service areas. In order to implement the national “carbon emission peak and carbon neutrality” major policy deployment, the Company took the Xianrenshan Service Area as a pilot project to put forward building energy saving, equipment energy saving, energy transformation and other transformation programs, explore the construction of zero-carbon service area, and strive to create a demonstration benchmark for low-carbon construction in the province’s expressway industry. Multiple service areas achieved full coverage of new energy infrastructure, with the construction of 22 new energy charging stations and 112 charging piles, including 52 fast chargers and 3 liquid-cooled superchargers, effectively alleviating the “range anxiety” of drivers and passengers and ensuring the implementation of green roads and carbon reduction work. In September 2023, Xianrenshan Service Area and Fangmaoshan Service Area were recognized as “provincial-level water-saving expressway service areas”, contributing to the green transformation and development of expressways.

3. *New energy business*

In 2022, the Company acquired 100% equity interest in YS Energy Company and made its entry into the new energy industry. As at the end of the Reporting Period, the installed capacity of YS Energy Company’s investment in clean energy power stations reached 561.6 MW (including the installed capacity of equity participation), of which 410 MW were wind power projects and 151.6 MW were photovoltaic projects, and all the power stations held by YS Energy Company had been put into operation, producing a total of 905 million kWh of electricity generation during the Reporting Period. YS Energy Company continued to promote in-depth integration of clean energy and transportation, and actively explored and put into practice the paths and scenarios for the integration of transportation and energy. During the Reporting Period, the Demonstration Project of Photovoltaic Storage and Charging in Baoying Near-Zero Carbon Service Area was completed and put into operation, becoming the first project in Jiangsu Province with a number of new application scenarios of photovoltaic in transportation such as highway slope photovoltaic, photovoltaic curtain wall, etc., which is a new attempt of integration of transportation energy and photovoltaic construction, providing the leading experience in promoting the industry’s energy conservation and carbon reduction.

4. *Financial investments*

In order to adjust and optimise the Company’s industrial layout and further focus on the development of its principal business, during the Reporting Period, Ninghu Investment Company, a wholly-owned

subsidiary of the Company, transferred its 100% equity interest in the Factoring Company to Jiangsu Communications Holding and YS Capital at the consideration of RMB346 million. As at the end of the Reporting Period, parties had completed the transfer of equity interest and the change of registration.

(II) Industry of the Company during the Reporting Period

1. *Basic Information of the Road Transportation Industry*

From the macroeconomic background, in 2023, China's economy withstood external pressure and rebounded, with GDP exceeding RMB126 trillion, representing an increase of 5.2% over the previous year, with the total economic volume and per capita level continuing to increase. It is fully demonstrated with practice that the strong resilience, great potential, broad space and the foundation of long-term positive momentum of China's economy have become more prominent, and the new momentum of high-quality development has been formed and strengthened continuously, creating a favourable external environment for the operation and development of the expressway industry.

In view of the changes in transportation demand, currently, the main sales areas of various industries in Jiangsu are located in the Yangtze River Delta region, where highway transportation plays a leading role. With the acceleration of transformation and upgrading of industries in Jiangsu, the characteristics of "high value, small batch, and timeliness" of freight transportation have become more prominent, and the demand for "door-to-door" and professional services continued to grow. The advantages of short-distance, fast and direct road transportation in facilitating the economic cycle and stabilizing and optimizing the supply chain will continue to maintain.

From the perspective of changes in the competitive landscape, road, as the most basic and extensive transport infrastructure, is the main support for bridging various other modes of transport and playing a role in the overall efficiency of the integrated transport network; the rapid development of modern logistics and express delivery industry will also provide a guarantee for the growth of the subsequent road freight volume. According to the Statistical Communiqué of The People's Republic of China on the 2022 National Economic and Social Development (《中華人民共和國2022年國民經濟和社會發展統計公報》) issued by the National Bureau of Statistics, road transport is responsible for 63.51% of passenger traffic and 73.35% of cargo traffic in China, and plays an irreplaceable role in the comprehensive transport system.

2. *Position of the Company in the industry*

In terms of location, the Company is the only listed road and bridge company in Jiangsu Province, focusing on the continuous integration of high-quality road and bridge projects in the road network of southern Jiangsu. The roads operated by the Group occupied a dominant position in the expressway network of southern Jiangsu. Jiangsu Province has always been playing an important and supportive role in the overall development of the country. The province's gross regional production volume reached RMB12.82 trillion in 2023, representing an increase of 5.80% over the previous year, ranking second in the country, and five cities achieved a GDP of over trillions. The economic operation of Jiangsu Province remains stable with a positive trend of recovery and improvement, providing favorable external conditions for the development of the Company's business.

In terms of market image, the Company has been awarded the highest grade of A in information disclosure assessment by the SSE for four consecutive years. In 2023, the Company has been awarded the 18th "Gold Prize of Round Table" of Chinese Boards of Listed Company – Special Contribution Award for Corporate Governance, the "Excellent Practice Cases" at the Best Practice Activities for Board of Listed Companies in 2023 by the China Association for Public Companies, "2022 Golden Bull Best Investment Value Award" and "2022 Golden Bull Outstanding Entrepreneur Award" in the 25th Listed Companies Golden Bull Awards, and "2022 Top 100 ESG Golden Bull Award" in the 1st National New Cup – ESG Golden Bull Award. The successive winning of several authoritative awards demonstrated the capital market's recognition of the Company's operating results and its high-quality development path.

In terms of operating results, the Company's performance indicators ranked top among listed companies in the same industry. The Company has always maintained a high dividends payout ratio since its listing. The high cash dividend demonstrates the Company's responsibility as a listed company to ensure long-term stable returns for shareholders.

3. *Policies relating to road transportation industry*

The Regulations for the Administration of Toll Roads (《收費公路管理條例》), which came into effect on 1 November 2004, has been organised for amendment since 2013 and has been open for public consultation twice in 2013 and 2015. On 20 December 2018, the Ministry of Transport issued the draft amendments on the Regulations for the Administration of Toll Roads. Currently, the time of official promulgation of the revised Regulations for the Administration of Toll Roads has not yet been determined.

On 15 February 2020, the Ministry of Transport issued a notice that from 00:00 midnight on 17 February 2020 until the end of the containment measures, toll roads payment nationwide would be waived; on 28 April 2020, the Ministry of Transport issued a notice that the toll roads payment legally approved by the law would be resumed from 00:00 midnight on 6 May 2020. The Ministry of Transport, the National Development and Reform Commission and other eight ministries and commissions issued a notice, which clearly required the provincial governments and relevant operating entities to extend the payment period of toll roads through negotiation, signing of contracts and other means in accordance with relevant regulations, and compensate certain amount during the toll-free period accordingly. Jiangsu Province has yet to specify the toll-free compensation policy for expressways.

On 2 June 2021, the Ministry of Transport and other three departments issued the Implementation Plan for Comprehensively Promoting Differentiated Toll Collection on Expressways (《全面推廣高速公路差異化收費實施方案》), proposing to comprehensively promote differentiated toll on expressways. As at the date of this announcement, the relevant authorities in Jiangsu Province have been discussing, formulating and piloting the policy of differential toll collection on expressways. The Company has been closely monitoring the trend of the policy of differential toll collection and currently, the expressways operated by the Group are not included in the scope of differential toll collection.

On 16 January 2023, the Jiangsu Provincial People's Government issued General Policy Measures on Promoting the Initial Overall Improvement in Economic Operation (《關於推動經濟運行率先整體好轉若干政策措施》), giving a 15% discount on ETC tolls for expressway passenger buses with 30 or more passes per month (inclusive) and a 15% discount on tolls for freight vehicles with the Yunzheng Sutong Card. A 50% discount on ETC tolls at all general road toll stations and expressways in the province will be given for international standard container transport vehicles entering and exiting major container ports in the province with an annual throughput of over 2 million TEUs or an annual throughput of 1 million TEUs and a growth rate exceeding the average growth level of the province for three consecutive years (currently, the eligible ports are Taicang Port, Lianyungang Port, Nanjing Port and Nantong Port), with the implementation period from 1 April 2023 to 31 December 2027 (the first quarter of 2023 was subject to the original preferential policy and scope for the time being). For container transport vehicles entering and leaving the main loading points and collection points for containers of the China-Europe (Asia) Express in the province, full exemption of vehicle tolls will continue at all ordinary road toll stations and expressways in the province until 31 December 2027.

In addition, the implementation of preferential policies on 5% discount on toll payment of ETC vehicles, toll-free travel for small passenger vehicles in major festivals and holidays, toll-free "green passage" for vehicles carrying fresh and live agricultural products, "Union Card" and "Preferential Port Container Vehicles" within Jiangsu Province continued.

(III) Business of the Company During the Reporting Period

The principal business of roads and bridges. During the Reporting Period, the Group recorded toll road income of approximately RMB9,510,967,000, representing a year-on-year increase of approximately 29.88%, and accounting for approximately 62.61% of the total operating revenue of the Group. Of which, the average daily toll road income of Shanghai-Nanjing Expressway amounted to approximately RMB14,386,080, representing a year-on-year increase of approximately 22.66%.

Ancillary business. During the Reporting Period, the Group's ancillary service business achieved revenue of approximately RMB1,844,055,000, representing an increase of 64.05% as compared to the corresponding period last year. Of which, revenue from service area leasing business amounted to approximately RMB100,440,000, representing a year-on-year increase of 97.04%, mainly due to the termination of the original leasing contracts of some service areas and the reduction of rentals in accordance with relevant state policies; revenue from sales of oil products amounted to approximately RMB1,716,583,000, representing a year-on-year increase of 63.02%, and gross profit from oil products increased by 72% year on year. Driven by the year-on-year increase in the gross operating profit of the sales of petroleum products business, the gross operating profit of the ancillary services business increased significantly year-on-year.

New energy business. During the Reporting Period, affected by the decrease in wind speed and other weather factors, the offshore wind power project of YS Energy Company recorded a decrease of on-grid electricity consumption, and the Group achieved revenue of approximately RMB642,167,000 from electricity sales, representing a year-on-year decrease of approximately 1.46%.

Property business. The Group's real estate development and sales were operated by its subsidiaries Ninghu Properties Company and Hanwei Company. During the Reporting Period, the Group pushed forward the construction of projects under construction in an orderly manner and actively promoted destock of existing projects. During the Reporting Period, the Group carry-forward sales revenue of approximately RMB474,898,000, representing a year-on-year decrease of 29.55%, mainly due to the smaller scale of property projects delivered compared to the same period of the previous year.

Other businesses. First, the investment income of investee companies. During the Reporting Period, despite the increase in traffic volume of the road network, the Group's investment income from roads and bridges companies in which the Group held equity was approximately RMB504,252,000, representing a year-on-year decrease of approximately 31.25%, and an investment income from financial companies in which the Group held equity of approximately RMB230,656,000, representing a year-on-year increase of approximately 11.45%, due to the relatively high base of investment income recognized from the issuance of infrastructure public REITs by an associated company, Yanjiang Company, through the transfer of 100% equity interest in Husuzhe Company in the corresponding period of previous year. **Second, gain from other equity instruments and other non-current financial assets.** During the Reporting Period, the Group received cumulative dividends of approximately RMB536,707,000 from other equity instruments and other non-current financial assets, representing a year-on-year decrease of approximately 17.93%, which was mainly attributable to the decrease in dividends from the funds invested by the Company as compared with the corresponding period of previous year. **Third, income from such business as advertising operation and management services of subsidiaries.** During the Reporting Period, these businesses achieved revenue of approximately RMB223,870,000, representing a year-on-year increase of approximately 57.25%, mainly due to the increase in income from advertising of subsidiaries and addition income from hotel services.

(IV) Analysis of Core Competitiveness during the Reporting Period

Since its establishment, the Group has been focusing on the transportation infrastructure industry for years. The roads operated by the Company play a dominant role in the expressway networks in southern Jiangsu. It has accumulated rich experiences in large infrastructure investment, construction, operation and management and built a progressive and innovative team of management and staff. Through the complete investment decision-making, operation management system and risk management system and leveraging on excellent financing platforms, the Group built its distinct competitive edges in operation and development in the future.

Unique geographical advantages. The Group operates in the Yangtze River Delta area, the most economically vibrant region in the PRC. The road and bridge projects owned or invested by the Company are core components of the road transport corridors linking the two important industrial belts along the Yangtze River, Shanghai and Nanjing in the southern part of Jiangsu. With the integrated development of the Yangtze River Delta region, the prosperous economy in the region created a favorable environment for the long-term development of the Group and promoted the sustainable and steady improvement on the Group's economic efficiency.

High-quality road and bridge assets. 17 road and bridge projects are controlled or invested by the Group. Core road and bridge assets are the main lines in the expressway network in Jiangsu Province and an integral part in the national expressway network. With outstanding quality, road assets achieved coordinated benefits. The quality road network resources lay a solid foundation for the stable growth in the operating results of the Group and provide guarantees to the sustainable and healthy development of the Company.

Leading operation concepts. The Group is engaged in road operation and has accumulated rich operation experience. The growth in the operating results from the Jiangsu Section of Shanghai-Nanjing Expressway is mainly attributable to the growth in traffic volume driven by the development of the regional economy and the improved utilization of expressways, which demonstrated the competitive edge of the Group in roads operation and management. Meanwhile, the Group has strengthened the development results with systems and built a modern corporate operation management and control method. Focusing on building digitalized expressways and intelligent traffic, the Group has taken a leading position in road clearance and rescue in China.

Professional management team. After years of accumulation and development, the Group has built a professional and experienced operation and management team. On the premise of ensuring the quality and efficiency of the Group's expressway operation services, the Group actively utilised capital operation means to optimise its asset portfolio, carry out quality project acquisitions, effectively reduced operating costs and operational risks, continuously enhanced the Group's strategic research and investment development capabilities, ensuring that the Group's overall profitability is at the leading level in the industry.

Comprehensive risk management. The Group proactively adapted to new situation, and implemented risk control arrangement by improving the top-level design. The Group formulated its risk strategy, built a risk control system in coordinated operation with a risk management oriented approach for covering legal and regulation compliance, internal control and risk management, which optimized its management measures, strengthened in-process control and highlighted duty performance management, and effectively consolidated the resources of all relevant parties. It continuously put forward the establishment of risk control system which is compatible with the new development trends, and improved its risk management ability, so as to achieve its long-term goal of steady progress.

Outstanding financing platforms. The Company maintains listing status on two exchanges (in Hong Kong and Shanghai) and is traded in three cities (Hong Kong, Shanghai and New York) and achieves sound operation and sustainable performance growth with high credit rating, low gearing ratio and strong solvency. The Company achieved outstanding results in investor relations management and owns a stable investors base and an excellent market image in domestic and overseas capital markets thanks to its long-term policies with high proportion of cash dividend. The Group will continue to improve its financing structure and reduce financing costs in the future development through leveraging on the capital market's efficient financing channels.

(V) Primary Operating Conditions during the Reporting Period

1. Analysis of principal businesses

(1) Table of analysis of changes in the relevant items in income statement and cash flow statement

Unit: Yuan Currency: RMB

Item	Amount in the Reporting Period	Amount in the corresponding period of the prior year (Note)	Changes (%)
Operating revenue	15,192,010,226.04	13,255,603,107.72	14.61
Operating costs	9,580,684,804.43	8,841,449,322.89	8.36
Selling expenses	10,026,993.87	14,501,739.24	-30.86
Administrative expenses	283,506,233.50	293,508,570.18	-3.41
Finance costs	1,126,370,193.34	1,094,226,669.03	2.94
Research and development expenses	-	-	-
Net cash flow from operating activities	7,392,424,081.75	5,527,921,046.44	33.73
Net cash flow from investing activities	-2,878,558,544.55	-6,426,644,763.03	-55.21
Net cash flow from financing activities	-4,605,274,861.80	1,206,429,772.33	-
Taxes and surcharges	53,378,012.08	168,927,615.17	-68.40
Gains or losses on changes in fair value	85,937,472.55	-142,950,442.33	-
Investment income	1,464,582,102.32	1,867,961,513.05	-21.59
Gains from disposal of assets	13,404,236.61	25,731,786.68	-47.91
Impairment losses on assets	-14,594,829.24	-	-
Credit impairment losses	-20,431,539.23	-5,354,679.05	281.56
Non-operating income	13,957,656.30	10,630,200.48	31.30
Non-operating expenses	39,462,620.21	49,967,992.41	-21.02
Income tax	1,062,649,445.98	833,033,706.01	27.56
Other comprehensive income, net of tax	-41,655,992.29	847,357,806.80	-

(2) Analysis of Revenue and Cost

During the Reporting Period, the Group had a cumulative operating revenue of approximately RMB15,192,010,000, representing an increase of approximately 14.61% as compared to the same period of the previous year. The increase in operating revenue was mainly due to the increase in the Group's toll road income and ancillary business income as a result of the increase in traffic volume of road network. The Group had a cumulative operating cost of approximately RMB9,580,685,000, representing an increase of approximately 8.36% as compared to the same period of the previous year. The increase in operating costs was mainly due to the corresponding increase in amortisation of road operating rights as a result of the increase in traffic volume; the increase in oil sales and the corresponding increase in oil procurement costs; and commencement of centralized pavement maintenance and refined improvement of traffic safety facilities and the corresponding increase in road and bridge maintenance costs. The Group's consolidated gross profit margin increased by approximately 3.64 percentage points over the same period of the previous year.

① Principal businesses classified by industries

Unit: Yuan Currency: RMB

By Industry	Operating Income	Operating Costs	Gross Profit Margin (%)	Principal Business by Industry		
				Change in Operating Revenue over the Corresponding Period of the Previous Year (%)	Change in Operating Costs over the Corresponding Period of the Previous Year (%)	Change in Gross Profit Margin over the Corresponding Period of the Previous Year (%)
Toll road	9,510,966,569.17	4,325,239,133.68	54.52	29.88	28.31	Increased by 0.56 percentage point
Shanghai-Nanjing Expressway	5,250,917,488.62	2,456,889,787.24	53.21	22.66	35.41	Decreased by 4.40 percentage points
Guangjing Expressway and Xicheng Expressway	919,488,144.09	296,983,753.42	67.70	34.78	-7.82	Increased by 14.93 percentage points
Ningchang Expressway and Zhenli Expressway	1,370,361,422.90	508,726,419.55	62.88	14.36	3.16	Increased by 4.03 percentage points
Xiyi Expressway and Wuxi Huantaihu Expressway	636,798,958.33	412,395,272.20	35.24	37.47	51.67	Decreased by 6.06 percentage points
Zhendan Expressway	96,694,697.58	75,051,012.28	22.38	29.55	16.81	Increased by 8.46 percentage points
Changyi Expressway	142,534,942.04	119,933,158.39	15.86	43.81	35.42	Increased by 5.22 percentage points
Yichang Expressway	128,634,487.42	101,870,090.43	20.81	-2.75	-9.73	Increased by 6.13 percentage points
Wufengshan Toll Bridge	965,536,428.19	353,389,640.17	63.40	146.06	73.58	Increased by 15.28 percentage points
Ancillary services	1,844,054,648.46	1,888,309,928.10	-2.40	64.05	46.54	Increased by 12.24 percentage points
Property sales	474,897,940.35	360,797,542.62	24.03	-29.55	-17.13	Decreased by 11.39 percentage points
Electricity sales	642,167,322.18	341,443,168.15	46.83	-1.46	4.05	Decreased by 2.82 percentage points
Revenue/cost during the construction period	2,496,053,906.65	2,496,053,906.65	0.00	-25.28	-25.28	
Other businesses	223,869,839.23	168,841,125.23	24.58	57.25	116.54	Decreased by 20.65 percentage points
Total	15,192,010,226.04	9,580,684,804.43	36.94	14.61	8.36	Increased by 3.64 percentage points

Principal Business by Product

By Product	Operating Income	Operating Costs	Gross Profit Margin (%)	Change in Operating Revenue over the Corresponding Period of the Previous Year (%)	Change in Operating Costs over the Corresponding Period of the Previous Year (%)	Change in Gross Profit Margin over the Corresponding Period of the Previous Year (%)
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Principal Business by Region

By Region	Operating Income	Operating Costs	Gross Profit Margin (%)	Change in Operating Revenue over the Corresponding Period of the Previous Year (%)	Change in Operating Costs over the Corresponding Period of the Previous Year (%)	Change in Gross Profit Margin over the Corresponding Period of the Previous Year (%)
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Principal Business by Sales Model

By Sales Model	Operating Income	Operating Costs	Gross Profit Margin (%)	Change in Operating Revenue over the Corresponding Period of the Previous Year (%)	Change in Operating Costs over the Corresponding Period of the Previous Year (%)	Change in Gross Profit Margin over the Corresponding Period of the Previous Year (%)
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Note 1: Data in the above table does not include the amount of revenues and costs incurred for the provision of road management services between the Group's segments as the intra-group activities are offset on consolidation.

Note 2: During the Reporting Period, due to the impact of the increase in volume of traffic on the operating road network, the toll revenue from the Group's toll road business recorded an increase, and the overall gross profit margin of the toll road business increased as compared to the corresponding period of the previous year. Nevertheless, as affected by the centralized pavement maintenance and refined improvement of traffic safety facilities, and the increase in the road maintenance costs, the gross profit margin of Shanghai-Nanjing Expressway toll business decreased year-on-year. As affected the major maintenance work, and the increase in the road maintenance costs increased year-on-year, the gross profit margin of Huantaihu Expressway toll business decreased.

Note 3: During the Reporting Period, the sales volume of oil and the difference in the trading price of refined oil increased. As a result, the gross profit margin of the ancillary services business increased year-on-year.

Note 4: The hotel project of Ninghu Properties Company, a subsidiary, which commenced operation in January 2023, is currently in the early stage of operation and its revenue has yet to be cultivated, as a result of which, the operating gross profit margin of other businesses decreased year-on-year during the Reporting Period.

Note 5: During the Reporting Period, due to the decrease in wind speed and other weather related factors, the offshore wind power project of YS Energy Company recorded a decrease of on-grid electricity consumption, resulting in a year-on-year decrease in revenue from electricity sales.

Explanation on principal business by industry, product, region and sales model

During the Reporting Period, the Group's main business was located in Jiangsu Province.

② Analysis of costs

Unit: Yuan Currency: RMB

By Industry	Components of Costs	Amount for the Reporting Period	By Industry		Percentage in Total Costs for the Reporting Period (%)	Amount for the Same Period of the Previous Year	Percentage in Total Costs for the Same Period of the Previous Year (%)	Changes in Percentage of the Amount for the Reporting Period Compared with the Same Period of the Previous Year (%)	Explanation
			Percentage in Total Costs for the Reporting Period (%)	Amount for the Same Period of the Previous Year					
Toll road business	–	4,325,239,133.68	45.15	3,370,981,816.85	38.13	28.31			
–	Depreciation and amortisation	2,035,588,705.98	21.25	1,590,550,707.37	17.99	27.98		Mainly due to the increase in volume of traffic of the road network during the Reporting Period and the corresponding increase in amortization of road operation rights.	
–	Costs on maintenance	1,054,468,296.17	11.01	609,917,852.14	6.90	72.89		Mainly due to the commencement of centralized pavement maintenance and refined improvement of traffic safety facilities during the Reporting Period.	
–	Costs on system maintenance	69,711,728.02	0.73	81,559,904.85	0.92	-14.53		Mainly due to the upgrade operation of the toll communication monitoring system during the corresponding period last year, which resulted in relatively higher maintenance costs.	
–	Levy costs	241,673,920.88	2.52	188,341,488.19	2.13	28.32		Mainly due to the increase in the toll road income during the Reporting Period, the corresponding increase in road network management fees and the year-on-year increase in investment in work safety.	
–	Labor costs	923,796,482.63	9.64	900,611,864.30	10.19	2.57			

		By Industry					Changes in Percentage of the Amount for the Reporting Period Compared with the Same Period of the Previous Year (%)	Explanation
By Industry	Components of Costs	Amount for the Reporting Period	Percentage in Total Costs for the Reporting Period (%)	Amount for the Same Period of the Previous Year	Percentage in Total Costs for the Same Period of the Previous Year (%)			
Ancillary services business	–	1,888,309,928.10	19.71	1,288,604,543.24	14.57	46.54		
–	Raw materials	1,411,999,794.54	14.74	855,865,519.39	9.68	64.98	Mainly due to the increase in oil sales during the Reporting Period and the corresponding increase in oil procurement costs.	
–	Depreciation and amortisation	69,476,211.59	0.73	66,872,218.72	0.76	3.89		
–	Labor cost	264,342,259.72	2.76	253,946,197.45	2.87	4.09		
–	Other costs	142,491,662.25	1.49	111,920,607.68	1.27	27.31	Mainly due to the closure and lockdown of certain service areas during the corresponding period of the previous year, resulting in the decrease in relevant costs.	
Property sales business	–	360,797,542.62	3.77	435,356,228.58	4.92	-17.13	Mainly due to the smaller scale of delivery of property projects by the subsidiaries during the Reporting Period as compared with the corresponding period of the previous year.	
Electricity sales	–	341,443,168.15	3.56	328,148,600.23	3.71	4.05	Mainly due to the year-on-year increase in safety production expenses and property insurance provided for clean energy projects of the subsidiaries during the Reporting Period.	

By Industry							Changes in Percentage of the Amount for the Reporting Period Compared with the Same Period of the Previous Year (%)	Explanation
By Industry	Components of Costs	Amount for the Reporting Period	Percentage in Total Costs for the Reporting Period (%)	Amount for the Same Period of the Previous Year	Percentage in Total Costs for the Same Period of the Previous Year (%)	Percentage in Total Costs for the Same Period of the Previous Year (%)		
Construction period costs	-	2,496,053,906.65	26.05	3,340,387,380.03	37.78	-25.28	Mainly due to the year-on-year decrease of investments in the construction of road and bridge projects during the Reporting Period.	
Other businesses	-	168,841,125.23	1.76	77,970,753.96	0.89	116.54	Mainly due to the year-on-year increase in the operating costs of the hotel project of a subsidiary.	

By Product							Changes in Percentage of the Amount for the Reporting Period Compared with the Same Period of the Previous Year (%)	Explanation
By Product	Components of Costs	Amount for the Reporting Period	Percentage in Total Costs for the Reporting Period (%)	Amount for the Same Period of the Previous Year	Percentage in Total Costs for the Same Period of the Previous Year (%)	Percentage in Total Costs for the Same Period of the Previous Year (%)		
-	-	-	-	-	-	-	-	

Explanation on other details of cost analysis

None.

(3) Expenses

① Administrative expenses

During the Reporting Period, administrative expenses incurred by the Group were approximately RMB283,506,000 in aggregate, representing a decrease by approximately 3.41% over the same period of the previous year. The decrease in administrative expenses was mainly due to the year-on-year decrease in intermediary fees during the Reporting Period.

② Financial expenses

During the Reporting Period, financial expenses incurred by the Group were approximately RMB1,126,370,000 in aggregate, representing an increase by approximately 2.94% over the same period of the previous year. The increase in financial expenses was mainly due to the year-on-year increase in foreign exchange losses recognized during the Reporting Period affected by exchange rate fluctuations.

③ Selling expenses

During the Reporting Period, the Group's aggregate selling expenses were approximately RMB10,027,000, representing a year-on-year decrease of approximately 30.86%. The decrease in selling expenses was mainly due to the year-on-year decrease in sales commission and advertising fees of the property projects of relevant subsidiaries during the Reporting Period.

④ Taxes and surcharges

During the Reporting Period, the taxes and surcharges incurred by the Group were RMB53,378,000 in aggregate, representing a year-on-year decrease of approximately 68.40%. The decrease in taxes and surcharges was mainly due to the year-on-year decrease in the Group's revenue from property sales during the Reporting Period.

⑤ Income tax

The statutory income tax rate for companies of the Group was 25%, 16.5% etc.. During the Reporting Period, the income tax expense of the Group was approximately RMB1,062,649,000 in aggregate, representing a year-on-year increase of approximately 27.56%. The change in income tax was mainly due to the impact of the increase in traffic volume of road network during the Reporting Period, which resulted in a corresponding increase in the taxable income of the Group.

(4) Cash flow

The toll road income of the Group was received in cash, contributing to a stable operating cash flow. During the Reporting Period, the Group's net cash inflow generated from operating activities was approximately RMB7,392,424,000, representing a year-on-year increase of approximately 33.73%, mainly due to the strong growth in revenue from principal activities during the Reporting Period as compared to the same period of previous year, as a result of the increase in traffic volume of the road network, which resulted in a year-on-year increase in net cash flows generated from operating activities. The net cash outflow generated from investment activities was approximately RMB2,878,559,000, representing a year-on-year decrease of approximately 55.21%, mainly due to the year-on-year decrease in purchases of wealth management products and investments in the construction of road and bridge project, as well as the increase in cash received from the disposal of subsidiaries. The net cash outflow generated from financing activities was approximately RMB4,605,275,000 with net inflow of approximately RMB1,206,430,000 for the same period last year, mainly due to the year-on-year increase in the Company's net debt repayment during the Reporting Period, which resulted in a year-on-year decrease in net cash flows generated from financing activities.

(5) Gain on changes in fair value

During the Reporting Period, the Group recorded a loss on changes in fair value of approximately RMB85,937,000 with RMB-142,950,000 for the same period last year, mainly due to the increase in fair value of other non-current financial assets held by subsidiaries of the Company.

(6) *Investment income*

During the Reporting Period, the Group's investment income was approximately RMB1,464,582,000, representing a year-on-year decrease of approximately 21.59%. It was mainly attributable to relatively high base of recognized investment income due to the issuance of infrastructure public REITs by Yanjiang Company, an associate, by way of transferring 100% equity interest in Husuzhe Company in the same period last year, despite the increase in traffic volume of road network during the Reporting Period; and distribution of other non-current financial assets, and wealth management income decreased. During the Reporting Period, the associates and joint ventures invested by the Group contributed investment income of approximately RMB846,679,000, representing a year-on-year decrease of approximately 22.10%. Operating results of key associates are set out below:

Unit: Yuan Currency: RMB

Name of company	Principal business	Investment Cost	Equity interest attributable to the Company %	Net profit attributable to the shareholders of the associates	Contribution to investment income	Percentage of the Company's net profit attributable to the shareholders of the listed company %	Year-on-year increase/decrease %
Suzhou Expressway Company	Mainly responsible for the management and operation businesses of Sujiahang Expressway and Changjia Expressway	957,700,163.00	23.86	556,109,019.61	132,687,612.08	3.01	52.26
Yangtze Bridge Company	Mainly responsible for the management and operation of Jiangyin Bridge	631,159,243.00	26.66	1,176,690,745.54	313,705,752.76	7.11	39.37
Yanjiang Company	Mainly responsible for the management and operation of Yanjiang Expressway	1,466,200,000.00	25.15	209,634,282.50	57,859,061.97	1.31	-86.26
Zijin Trust Company	Mainly engaged in trust investment business approved by laws and regulations or the China Banking Regulatory Commission	1,989,582,000.00	20.00	971,976,635.71	194,395,327.14	4.40	15.92

(7) Other income

During the Reporting Period, the Group recorded other income of approximately RMB30,838,000, representing a year-on-year decrease of approximately 3.58%. It was mainly due to the decrease in government grants income during the Reporting Period.

(8) Non-operating income and expenses

During the Reporting Period, the Group realised non-operating income of approximately RMB13,958,000, representing a year-on-year increase of approximately 31.30%, mainly due to year-on-year increase in income from asset scrapping during the Reporting Period. During the Reporting Period, the Group incurred non-operating expenses of approximately RMB39,463,000, representing a year-on-year decrease of approximately 21.02%, mainly due to the decrease in expenses for road assets repair during the Reporting Period.

2. Analysis of Assets and Liabilities

As of 31 December 2023, items of assets and liabilities of the Group are as follows:

Unit: Yuan Currency: RMB

Item	Amount as at the end of the Reporting Period	Percentage in the total assets as at the end of the Reporting Period (%)	Amount as at the end of the previous period	Percentage in the total assets as at the end of the previous period (%)	Percentage change of the amount as at the end of the Reporting Period compared to that at the end of the previous year (%)	Explanation of the situation
Cash at bank and on hand	862,161,074.06	1.10	932,931,344.38	1.19	-7.59	Mainly due to the repayment of part of the Group's borrowings with its own funds during the Reporting Period.
Accounts receivable	1,650,030,300.22	2.10	1,127,669,970.08	1.44	46.32	Mainly due to the increase in the amount of state subsidies receivable for on-grid power stations as at the end of the Reporting Period as compared to the beginning of the period.
Inventories	2,238,246,666.22	2.85	2,585,018,115.85	3.29	-13.41	Mainly due to the delivery and transfer of real estate projects of the subsidiaries during the Reporting Period.
Long-term equity investments	11,882,583,176.73	15.11	11,089,989,971.83	14.13	7.15	Mainly due to the investment income contributed by associates during the Reporting Period.
Fixed assets	7,595,044,911.05	9.66	8,045,978,815.98	10.26	-5.60	Mainly due to the provision for depreciation during the Reporting Period.
Short-term borrowings	1,003,987,152.92	1.28	2,434,124,067.61	3.10	-58.75	Mainly due to the decrease in short-term loans from financial institutions during the Reporting Period as compared to the beginning of the period.
Contract liabilities	39,662,422.59	0.05	162,928,919.15	0.21	-75.66	Mainly due to the delivery and transfer of real estate projects of the subsidiaries during the Reporting Period.
Long-term borrowings	19,449,100,982.09	24.73	16,053,597,366.94	20.46	21.15	Mainly due to the increase in borrowings for road and bridge projects under construction and other long-term bank loans during the Reporting Period as compared to the beginning of the period.
Financial assets held for trading	3,663,586,404.72	4.66	3,474,620,148.26	4.43	5.44	Mainly due to the increase in wealth management products held by the Group at the end of the Reporting Period as compared to the beginning of the period.

Item	Amount as at the end of the Reporting Period	Percentage in the total assets as at the end of the Reporting Period (%)	Amount as at the end of the previous period	Percentage in the total assets as at the end of the previous period (%)	Percentage change of the amount as at the end of the Reporting Period compared to that at the end of the previous year (%)	Explanation of the situation
Bills receivable	8,663,103.00	0.01	950,000.00	0.00	811.91	Mainly due to the increase in subsidiaries' bank acceptance bills receivable as at the end of the Reporting Period as compared to the beginning of the period.
Prepayments	6,112,638.02	0.01	7,737,346.20	0.01	-21.00	Mainly due to the decrease in prepayments for project as at the end of the Reporting Period as compared to the beginning of the period.
Other receivables	61,589,717.54	0.08	62,758,902.02	0.08	-1.86	Mainly due to the release of mortgage deposits from the real estate projects of subsidiaries during the Reporting Period.
Bills payable	252,900,000.00	0.32	366,000,000.00	0.47	-30.90	Mainly due to changes in the scope of consolidation during the Reporting Period, resulting in the decrease in bank acceptances originally issued by Ninghu Factoring Company.
Other payables	341,841,510.15	0.43	288,042,394.72	0.37	18.68	Mainly attributable to the project payments collected on behalf of the subsidiaries during the Reporting Period.
Non-current liabilities due within one year	3,031,210,204.68	3.85	1,815,208,560.25	2.31	66.99	Mainly due to transfer into of bonds payable due within one year during the Reporting Period.
Other current liabilities	1,927,281,542.83	2.45	5,359,728,092.37	6.83	-64.04	Mainly due to the redemption of ultra short-term notes during the Reporting Period, resulting in a decrease in the balance as compared to the beginning of the period.
Bonds payable	7,984,206,539.05	10.15	9,972,337,481.34	12.71	-19.94	Mainly due to the adjustment to bonds payable due within one year during the Reporting Period.
Special reserve	2,090,207.92	0.00	577,468.02	0.00	261.96	Mainly due to the provision for safety production expenses by subsidiaries during the Reporting Period.
Total assets	78,661,443,944.36	100.00	78,458,345,074.07	100.00	0.26	
Total gearing ratio	48.02%	-	51.63%	-	Decreased by 3.61 percentage points	
Net gearing ratio	92.38%	-	106.74%	-	Decreased by 14.36 percentage points	

Other explanations

During the Reporting Period, the aggregated amount of wealth management products purchased by the Group from any bank did not reach or exceed 5% of the total assets (adjusted by deducting dividends payable according to the Listing Rules) or market value of the Group.

The calculation basis for total gearing ratio: liabilities divided by total assets; the calculation basis for net gearing ratio: liabilities divided by shareholders' equity.

(1) Investment expenditure

During the Reporting Period, the Group incurred planned investment expenditure in a sum of approximately RMB2,740,833,000, representing a decrease of approximately RMB4,901,147,000 or approximately 64.13% from RMB7,641,980,000 in the corresponding period of the previous year, which was mainly due to the decrease in the investments in the construction of road and bridge projects of the Group and investments in other equity instruments and equity investments during the Reporting Period. The breakdown of the investment expenditures incurred by the Group during the Reporting Period is as follows:

Name of Investment Expenditure	Amount (RMB)
Longtan Bridge and North Connection Project	1,720,627,196.22
Xiyi Expressway South Section Widening Project	775,426,710.43
Investment in Sujiaokong Clean Energy Suqian Co., Ltd. (Note)	3,900,000.00
Investment in Jiangsu Clean Energy Company (Note)	26,456,500.00
Investment in Changzhou Jintan Heyi New Energy Technology Co. Ltd. (常州金坛禾一新能源科技有限公司) (Note)	1,904,000.00
Alteration and addition of service areas and toll collection points	23,949,834.92
Three major systems and information construction project	21,805,535.41
Photovoltaic power generation projects	109,232,243.23
Other capital expenditure of the Group	57,531,447.19
Total	2,740,833,467.40

Note: These three items represent the capital investment in subsidiaries of the Company.

(2) *Capital structure and solvency*

The Group attached great importance to maintaining a reasonable capital structure and continuously improved its profitability in order to maintain the Group's good credit rating and stable financial condition. At the end of the Reporting Period, the total liabilities of the Group amounted to approximately RMB37,772,936,000. The overall gearing ratio of the Group was approximately 48.02%, representing a decrease of approximately 3.61 percentage points as compared with the end of the previous period. In view of the Group's stable and abundant operating cash flow and sound capacity of financing and capital management, the management believes that the gearing ratio remained at a safe level at the end of the Reporting Period.

(3) *Financial strategy and financing arrangement*

During the Reporting Period, the Group actively expanded its financing channels, adjusted its debt structure and reduced financing costs. By embracing a proactive financing strategy, the Company successfully fulfilled its funding requirements for its operations, management and project investment while managing its financing costs effectively. The Group's borrowing requirements are not subject to seasonality. During the Reporting Period, an additional fund of RMB12,050,000,000 was obtained through direct financing. As at 31 December 2023, the Group's borrowings amounted to RMB21,349,091,370, of which RMB4,103,282,330 were fixed loans. As at the end of the Reporting Period, the balance of the principal of the interest-bearing liabilities was approximately RMB33,191,882,450, representing a decrease of approximately RMB2,234,775,020 as compared with the beginning of the period, of which short-term interest-bearing liabilities accounted for approximately 8.70% and long-term interest-bearing liabilities accounted for approximately 91.30%. The consolidated borrowing cost on interest-bearing liabilities of the Group was approximately 3.25%, representing a year-on-year decrease of approximately 0.16 percentage point, which was lower than the loan prime rate (LPR) by approximately 0.74 percentage point. (The amounts stated above are exclusive of interest)

(4) *Credit policy*

In order to minimize credit risk, the Group has controlled credit limits, undertaken credit approvals and implemented other control procedures to ensure that necessary follow-up actions are taken to recover overdue debts. In addition, the Group reviews the recovery of its receivables on each balance sheet date to ensure that adequate provisions are made for credit impairment. In view of the above, the management considers that the Group's credit risk is relatively low.

(5) *Contingencies*

As an industrial practice in the real estate industry, Ninghu Properties Company and Hanwei Company, subsidiaries of the Group, provide joint and several guarantees in connection with mortgage loans granted to buyers of commodity housing properties. The guarantee obligation shall begin from the effective date of a guarantee contract and cease when the registration of mortgage in respect of a purchased property is completed and the Building Right Encumbrances Certificate is delivered to and received by banks. As at 31 December 2023, the outstanding guarantees amounted to approximately RMB111,530,000.

(6) *Foreign exchange risks*

The Group currently operates its businesses principally in the PRC. There are no material foreign exchange risks as the Group's operating revenue and major capital expenditures are all settled in Renminbi except for dividend payments for H Shares and the Group has no investment in foreign currency. In 1998, the Group obtained a loan from the Spanish government of US\$9,800,000 at an interest rate of 2% per annum with interest payable annually and due on 18 July 2027. As at 31 December 2023, the balance of the loan was equivalent to approximately RMB8,774,000. On 14 July 2023, the Group borrowed a EUR66 million overseas loan from the London Branch of China Merchants Bank under domestic guarantees. The annual interest rate is set at the 3-month EURIBOR plus 75 BP, adjusted every three months, with principal repayment at maturity on 5 July 2024, and interest payable every three months. As of 31 December 2023, the outstanding balance of the loan is approximately RMB518,707,000.

(7) Reserves

Unit: Yuan Currency: RMB

	Attributable to shareholders of the Company							Total
	Share Capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk provision	Specific reserve	Undistributed profit	
I. Balance at the beginning of the year	5,037,747,500.00	9,776,409,372.86	1,752,882,112.53	4,019,593,072.94	9,737,731.83	577,468.02	11,343,860,451.93	31,940,807,710.11
II. Changes in equity during the year (“-” for decreases)	-	24,832,312.05	-75,773,192.29	163,687,170.58	-9,737,731.83	1,512,739.90	1,941,958,298.54	2,046,479,596.95
1. Total comprehensive income	-	-	-75,773,192.29	-	-	-	4,413,271,587.29	4,337,498,395.00
2. Capital contribution and reduction by shareholders	-	-	-	-2,804,119.00	-8,408,946.17	-	11,213,065.17	-
(1) Disposal of subsidiaries	-	-	-	-2,804,119.00	-8,408,946.17	-	11,213,065.17	-
3. Appropriation of profits	-	24,832,312.05	-	166,491,289.58	-1,328,785.66	-	-2,482,526,353.92	-2,292,531,537.95
(1) Appropriation for surplus reserve	-	-	-	166,491,289.58	-	-	-166,491,289.58	-
(2) Distributions to shareholders	-	-	-	-	-	-	-2,317,363,850.00	-2,317,363,850.00
(3) Appropriation for general risk reserve	-	-	-	-	-1,328,785.66	-	1,328,785.66	-
(4) Other	-	24,832,312.05	-	-	-	-	-	24,832,312.05
4. Transfers within equity	-	-	-	-	-	-	-	-
(1) Transfer of other comprehensive income to retained earnings	-	-	-	-	-	-	-	-
5. Consideration paid for business merger under common control	-	-	-	-	-	-	-	-
6. Specific reserve	-	-	-	-	-	1,512,739.90	-	1,512,739.90
(1) Appropriations during the year	-	-	-	-	-	6,806,240.52	-	6,806,240.52
(2) Utilisations during the year	-	-	-	-	-	-5,293,500.62	-	-5,293,500.62
III. Balance at the end of the year	5,037,747,500.00	9,801,241,684.91	1,677,108,920.24	4,183,280,243.52	-	2,090,207.92	13,285,818,750.47	33,987,287,307.06

Note: The above statutory reserves may not be used for purposes other than their intended purposes and may not be used for distribution as cash dividends. As at 31 December 2023, the reserves available for distribution to shareholders calculated in accordance with the PRC Accounting Standards amounted to RMB13,285,818,750.47 (as at 31 December 2022: RMB11,343,860,451.93).

3. Analysis of investment

Set out below details of the Group's material equity investments, material non-equity investments and financial assets during the Reporting Period and measured at fair value:

(1) Material equity investments

Unit: Yuan Currency: RMB

Name of Investee Corporation	Principal Business	Whether the Target is Principally Engaged in the Investment Business	Investment Method	Invested Amount	Shareholding Percentage (%)	Whether to Consolidate (if applicable)	Statement Item (if applicable)	Sources of Funds	Partner (if applicable)	Investment Term (if any)	Status as at the Balance Sheet Date	Estimated Earnings (if any)	Effect of Profit or Loss for the Period	Whether Involved in any Legal Actions	Date of Disclosure (if any)	Disclosure Index (if any)
Three Gorges Changzhou Xinbei New Energy Co., Ltd.	Photovoltaic power generation	No	New Shares	17,500,000	20%	No	Long-term equity investments/ Investment income	Self-owned funds	Three Gorges Corporation Jiangsu Energy Investment Company Limited, Shanghai Shengdierui	25 years	Change of registration has been completed, capital contribution remains outstanding	-	0	No	30 October 2023	For details, please refer to the announcements on the resolutions of the Board of Directors published by the Company on the website of the SSE at www.sse.com.cn on 30 October 2023 and on the website of the Stock Exchange at www.hkexnews.hk on 27 October 2023.

Name of Investee Corporation	Principal Business	Whether the Target is Principally Engaged in the Investment Business	Investment Method	Invested Amount	Shareholding Percentage (%)	Whether to Consolidate	Statement of Investment Income	Sources of Funds	Partner (if applicable)	Investment Term (if any)	Status as at the Balance Sheet Date	Estimated Earnings (if any)	Effect of Profit or Loss for the Period	Whether Involved in any Legal Actions	Date of Disclosure	Disclosure Index (if any)
Three Gorges YS Taizhou Hailing Power Generation Co., Ltd.	Photovoltaic power generation	No	New Shares	27,840,000	30%	No	Long-term equity investments/ Investment income	Self-owned funds	Three Gorges Corporation Jiangsu Energy Investment Company Limited, Shanghai Shengdemi Investment and Development Company Limited	25 years	Change of registration has been completed, capital contribution remains outstanding	-	0	No	30 October 2023	For details, please refer to the announcements on the resolutions of the Board of Directors published by the Company on the website of the SSE at www.sse.com.cn on 30 October 2023 and on the website of the Stock Exchange at www.hkexnews.hk on 27 October 2023.
Three Gorges New Energy Taizhou Power Generation Co., Ltd.	Photovoltaic power generation	No	Acquisition	25,600,000	40%	No	Long-term equity investments/ Investment income	Self-owned funds	Three Gorges Corporation Jiangsu Energy Investment Company Limited	25 years	Change of registration has been completed, capital contribution remains outstanding (Note)	-	0	No	18 November 2023	For details, please refer to the announcements on the resolutions of the Board of Directors published by the Company on the website of the SSE at www.sse.com.cn on 18 November 2023 and on the website of the Stock Exchange at www.hkexnews.hk on 17 November 2023.
Total	/	/	/	70,940,000	/	/	/	/	/	/	/	-	0	/	/	/

Note: In January 2024, the Company made capital contribution of RMB10,800,000 to Three Gorges New Energy Taizhou Power Generation Co., Ltd.

(2) *Material non-equity investments*

Investment in the construction of road and bridge project. During the Reporting Period, the Group continued to efficiently advance the construction of road and bridge projects in an orderly manner. In 2023, the investment in the construction of the Longtan Bridge project amounted to approximately RMB747 million, and the accumulated investment in the construction of the project amounted to approximately RMB3,882 million, accounting for 62.08% of the total investment for the project. The investment in the construction of the Longtan Bridge North Connection Project amounted to approximately RMB974 million, and the accumulated investment in the construction of the project amounted to approximately RMB2,620 million, accounting for 37.51% of the total investment for the project. The investment in the construction of the Xiyi Expressway South Section Widening Project amounted to approximately RMB775 million, and the accumulated investment in the construction of the project amounted to approximately RMB1,392 million, accounting for 17.95% of the total investment for the project.

(3) *Financial assets measured at fair value*

Unit: 0'000 Currency: RMB

Asset Category	Amount at the Beginning of the Reporting Period	Gains or Losses from Changes in Fair Value during the Reporting Period	Accumulative Fair Value Changes Included in Equity	Impairments Accrued during the Reporting Period	Purchased Amount during the Reporting Period	Amount Sold/ Redeemed during the Reporting Period	Other Changes	Amount at the End of the Reporting Period
Private Equity Fund	240,471.52	-715.00	-	-	-	5,494.21	-	234,262.31
Shares	698,944.81	-	-16,645.85	-	-	-	-	682,298.96
Others	394,726.07	9,308.74	-	-	1,736,707.56	1,717,408.25	-	423,334.12
Total	1,334,142.40	8,593.74	-16,645.85	-	1,736,707.56	1,722,902.46	-	1,339,895.39

Note : The private equity funds comprise the CDB Kai Yuan Phase II Fund, Zhongbei Zhiyuan Fund and Luode Huizhi Fund held by the Company during the Reporting Period. For details, please refer to the section headed “Private Equity Fund Investment” below.

Shares include shares of Bank of Jiangsu and Jiangsu Leasing Company held by the Company during the Reporting Period. For details, please refer to the table headed “Securities Investment”.

Others include the Fuanda Advantageous Growth Fund, financial products and Jiangsu Leasing Company convertible bonds held by the Company during the Reporting Period. During the Reporting Period, Ninghu Investment Company, a subsidiary of the Company, held Fuanda Advantageous Growth Fund purchased in 2011, being approximately 10,000,000 units in total with a net value of approximately RMB26,586,000 at the beginning of the Reporting Period. Investment cost amounted to approximately RMB9,999,000. There was a decrease in fair value of approximately RMB4,027,000 during the Reporting Period with an increase in cumulative fair value of approximately RMB16,587,000.

(4) Securities Investment

Unit: Yuan Currency: RMB

Securities Type	Securities Code	Securities Abbreviation	Initial Investment Cost	Sources of Funds	Gains or Losses from Changes in		Accumulative Fair Value Changes Included in Equity	Purchased Amount during the Reporting Period	Sold Amount during the Reporting Period	Gain or Loss on Investments for the Period	Book value as at the End of the Reporting Period	Accounting Items
					Book Value as at the Beginning of the Reporting Period	Fair Value during the Reporting Period						
Shares	600919	Jiangsu Bank ^(Note)	462,953.09	Self-owned fund	570,712.81	-	-46,972.25	-	-	38,415.47	523,740.56	Investments in other equity instruments
Shares	600901	Jiangsu Financial Lease	27,089.85	Self-owned fund	128,232.00	-	30,326.40	-	-	8,190.00	158,558.40	Investments in other equity instruments
Total	/	/	<u>490,042.94</u>	/	<u>698,944.81</u>	-	<u>-16,645.85</u>	-	-	<u>46,605.47</u>	<u>682,298.96</u>	/

Note: As at 31 December 2023, the Group held 782,870,800 shares in Bank of Jiangsu (stock code: 600919) (representing 4.27% of the equity in Bank of Jiangsu) with a market value of approximately RMB5,237,405,700, representing approximately 6.66% of the total assets of the Group. Bank of Jiangsu was opened for business on 24 January 2007 and is one of the 19 systemically important banks in China and the largest corporate bank in Jiangsu Province. By the end of September 2023, the total assets of Bank of Jiangsu reached RMB3.34 trillion, ranked 68th among the top 1,000 global banks in 2023 published by The Banker, a British magazine, and maintained its position as one of the top 100 global banks. In 2023, it ranked 71st among the top 500 global banks and was elected as the representative of the Central and East Asia Regional Banking Council of the United Nations Environment Programme Financial Initiative (UNEP FI). The Company has continuously invested in the equity of Bank of Jiangsu from 2013 to 2022, received significant annual cash dividend income (the dividend income received from Bank of Jiangsu during the Reporting Period amounted to RMB384,154,701.56), effectively enhancing the Company's profit level. Bank of Jiangsu demonstrated a solid performance in recent years. The Group's investment in Bank of Jiangsu is based on the Company's confidence in its future development and recognition of its value growth, which is conducive to further improving the efficiency of fund utilization, expanding the profitability channels of the Company and creating greater value for the shareholders.

(5) *Private Equity Fund Investment*

The private equity funds comprise the CDB Kai Yuan Phase II Fund, Zhongbei Zhiyuan Fund and Luode Huizhi Fund held by the Company during the Reporting Period.

During the Reporting Period, the net value of CDB Kai Yuan Phase II Fund, which was subscribed by Ninghu Investment Company in 2016, was approximately RMB1,686,932,000 at the beginning of the Reporting Period, with an investment cost of RMB1,113,021,000, a recovery of RMB39,961,000 and an investment income of approximately RMB69,174,000 during the Reporting Period, with a net value of approximately RMB1,679,195,000 at the end of the Reporting Period, an increase in fair value of approximately RMB32,224,000 during the Reporting Period and an increase in fair value of approximately RMB606,136,000 in aggregate.

During the Reporting Period, the net value of Zhongbei Zhiyuan Fund, which was subscribed by Ninghu Investment Company in 2019, was approximately RMB257,357,000 at the beginning of the Reporting Period, with an investment cost of RMB270,000,000, with a net value of approximately RMB245,140,000 at the end of the Reporting Period, a decrease in fair value of approximately RMB17,236,000 during the Reporting Period and a decrease in fair value of approximately RMB33,333,000 in aggregate.

During the Reporting Period, the net value of Luode Huizhi Fund, which was subscribed by Ninghu Investment Company in 2020, was approximately RMB460,426,000 at the beginning of the Reporting Period, with an investment cost of RMB500,000,000, an investment recovery of approximately RMB20,000,000 during the Reporting Period, with a net value of approximately RMB418,288,000 at the end of the Reporting Period, a decrease in fair value of approximately RMB22,138,000 during the Reporting Period and an decrease in fair value of approximately RMB58,258,000 in aggregate.

(VI) Discussion and Analysis of the Company on Its Future Development

(i) Industry landscape and development trends

Transportation is an essential driver of economic development. Transportation is also a fundamental, leading and strategic industry in the national economy which serves as an important pillar for constructing a new development pattern and solid safeguard for a better life and common prosperity for all. Among them, road, as the most basic and extensive transport infrastructure, is the main support for bridging various other modes of transport and playing a role in the overall efficiency of the integrated transport network, and plays an irreplaceable role in the comprehensive transport system.

The Development Plan for Expressways during the 14th Five-year Plan Period (《公路“十四五”發展規劃》) released by the Ministry of Transport in January 2022 states that during the 14th Five-year Plan Period, the development of expressway transport in China will present five major phases of characteristics: First, in terms of the scale and structure of demand, while the volume of transport is growing steadily, the proportion of medium- and long-distance operational passenger transport and large-volume and long-distance freight transport will gradually decline due to adjustments in the transportation structure, the demand for personalized, flexible and convenient individual travel and high-value-added, lightweight cargo transportation will continue to increase. Second, in terms of demand quality, there will be a shift from the focus on “ensuring basics and safeguarding bottom line” during the 13th Five-Year Plan Period to “improving travel experience and ensuring smooth flow”, i.e., focusing on the travelling experience and transport efficiency. Third, in terms of the type of demand, it will show a more diversified and differentiated development trend in different regions of the country. The main expressways and transportation hubs in urban clusters, with the main expressway corridors and the traffic agglomeration effect of urban clusters continuously increasing, and the scale and frequency of external economic and transportation connections in rural areas continuously growing. Fourth, in terms of development priorities, infrastructure still needs to be improved, construction task is still relatively heavy, and at the same time, quality improvement, efficiency enhancement and high-quality development requirements are more urgent. Fifth, in terms of the development momentum, the traditional factors of capital, labor and land inputs in expressway transportation development will further weaken the role of the drive, and there will be a shift towards a greater emphasis on innovation-driven development.

In April 2023, the Five-Year Plan of Action for Accelerating the Construction of a Strong Transportation Nation (2023–2027) was released, proposing to optimise and perfect the layout of the comprehensive three-dimensional transportation network, and accelerate the construction of the main skeleton of the national comprehensive three-dimensional transportation network by focusing on “infrastructure networking, network replenishment and chain strengthening”; accelerate the implementation of the strategy of innovation-driven development; strengthen the construction of transportation strategic science and technology forces and scientific and technological infrastructure capabilities; accelerate the construction of intelligent transportation, and improve the transportation science and technology innovation system; promote green development, make coordinated efforts in carbon reduction, pollution treatment, green business expansion and economic growth, and promote ecological priority, conservation and intensiveness, green and low-carbon development, so as to promote clean and low-carbon transformation in the transport sector, and other key tasks.

(ii) Development strategies of the Company

In the second half of the “14th Five-Year Plan”, the Company will further focus on its principal business of expressways and bridges, increase investment in road networks and investment in innovation, accelerate the coordinated layout of connecting the east-west expressway channel in southern Jiangsu region, continuously enhance the Company’s core competitiveness and its influence and driving force in the expressway network of southern Jiangsu region, consolidate its position as a major investor and operator in the southern Jiangsu road network and continuously meet the public’s demand for better travel experience to promote the growth of revenue.

(iii) Operation plan

- (1) In 2024, the Company will closely integrate with the actual development, pay more attention to quality and efficiency improvement, construction of growth capacity, and sustainable development, and focus on the enhancement of “four forces”.

Strengthening the foundation of the principal business, highlighting the road network improvement “traction”.

The Company will prioritize the construction of “first-class expressways, first-class cross-river bridges, first-class maintenance zones and first-class service areas”, aiming to deepen and implement its primary responsibilities and principal business, and promote the realization of the “four first-class”; will focus on the construction of “smooth expressways, high-quality expressways, intelligent expressways, and warm expressways”, efforts are being made to enhance precision maintenance, intelligent maintenance, and green maintenance, continuously strengthening the lifecycle maintenance management of roads, bridges, and tunnels. The Company will increase investment in road networks and investment in innovation, accelerate the coordinated layout of connecting the east-west expressway channel in southern Jiangsu region, continuously enhance the Company’s core competitiveness and its influence and driving force in the expressway network of southern Jiangsu region, strive to become a specialized entity in the investment, construction, operation, maintenance and service of expressways and bridges in the Yangtze River Delta Economic Belt and industrial clustering area of southern Jiangsu.

Enhancing scientific and technological innovation, empowering industrial upgrading “creativity”.

The Company will focus on intelligent operation, promote the application of “AI square”, intelligent lane precision control and other technical means, and strive for 100% coverage of road intelligent event detection; focus on intelligent management and maintenance, and further expand the scale of application of “intelligent unmanned cluster technology” to ensure that the technical condition of road surface is at a leading level in China; focus on digital transformation, sort out business processes internally by using “digitalise Jiangsu Expressway”, and build a systematic data standardisation system around various needs to enhance management efficiency; externally, with the aid of digital transformation, promote intelligent methods such as toll collection robots and ETC contactless payment for refuelling to satisfy the public’s demand for convenient travel.

Committing to low-carbon transformation and strengthening “new vitality” of green development. Taking the construction of the Xianrenshan Zero-Carbon Service Area as a model, the Company will promote the low-carbon transformation of multiple service areas, install carbon monitoring platforms for the entire expressway operation such as roads, bridges, tunnels and service areas; further explore green maintenance modes, gradually build zero-carbon maintenance work zones, promote integrated regeneration and recycling; and explore the establishment of distributed “photovoltaic storage and charging” integrated power stations, deepen the application of photovoltaic technology in expressway scenarios, accelerate the formation of expressway charging infrastructure networks, so as to achieve the coexistence of corporate economy and green development.

Optimising corporate governance and stimulating the “convergence” of value creation. Adhering to the concept of internationalised value management, the Company will launch the enhancement campaign of ESG project to improve the Company’s international ESG rating and realise the common development of the environment, society and governance of the Company; continue to iteratively upgrade the large risk control system and build a second-phase platform for post-investment monitoring of investment projects to comprehensively enhance the risk prevention and control standard and control capability; improve the whole process of democratic management system with the basic form of staff representative congress, upgrade the construction of staff quarter, model worker workshop and other camps, and promote the construction of “Happy Jiangsu Expressway” and “Harmonious Jiangsu Expressway” to achieve new achievements; and further clarify the reward and punishment mechanism, and give full play to the role of comprehensive assessment, so as to stimulate the enthusiasm and creativity of the cadres and staff, and to guarantee the Company’s new round of high-quality development.

- (2) Funds required for the Group to maintain current operations and complete invested projects that are in progress

The Group expects that the total investment expenditure for 2024 will be approximately RMB13,860,233,000, representing an increase of RMB11,119,400,000 as compared with the actual expenditure of RMB2,740,833,000 in 2023. Investment expenditure for 2024 mainly includes:

Name of Investment Projects	Amount (RMB)
Longtan Bridge and North Connection Project	2,500,000,000
Xiyi Expressway South Section Widening Project	1,150,000,000
Xitai Expressway Construction Investment Project	7,800,000,000
First Installment for the Acquisition of Suxichang South Expressway Company	2,080,260,000
Investment in YS Energy Company's photovoltaic power station project	39,180,000
Alteration and expansion of the service areas and toll collection points	1,180,000
Three major systems and informatization construction project	114,226,000
Other capital expenditure of the Group	<u>175,387,000</u>
Total	<u><u>13,860,233,000</u></u>

On the basis of fully leveraging its own capital, the Group timely adjusted its financing strategy based on the condition of the capital market, while further optimizing its debt structure and reducing capital risks so as to satisfy the funding needs for its operation and development. Meanwhile, the Group is actively exploring various types of financing channels, which will not only provide the Group with efficient funds support for its development, but also plan ahead for its future layout. As of the end of the Reporting Period, the Group's available unutilized bank loan facilities with a time limit over one year were not less than RMB10.0 billion; and it plans to apply for registration of corporate bonds of RMB5.0 billion and registration of notes: (1) two batches of ultra-short term notes with an issuance scale of not more than RMB4 billion (i.e. not more than RMB8 billion in total) and (2) medium-term notes with an issuance scale of not more than RMB4 billion in 2024. The credit line will be sufficient for supporting capital expenditure, debt roll-over and business development of the Group. If other capital expenditure is required under special circumstances, the Group will adjust its financing plan based on the size of expenditure and the actual cash flow condition.

VIII. MATTERS RELEVANT TO THE FINANCIAL REPORT

(I) Analysis by the Company on the reasons and impact on the changes in accounting policies and accounting estimates

(1) Changes in accounting policies

In 2023, the Group has adopted the revised accounting requirements and guidance under CAS newly issued by the Ministry of Finance (“MOF”) as follows:

(a) CAS No.25-Insurance Contract (Caikuai [2020] No.20) (“**the New Insurance Contract Standards**”) and implementation guidance

The New Insurance Contract Standards replaced CAS No.25 – Old Insurance Contract and CAS No.26 – Reinsurance Contract issued by the MOF in 2006 and Implementation Standards of Insurance Contract (Caikuai [2009] No.15) issued in 2009.

The Group does not have insurance contract arrangements. The adoption of the new insurance standard does not have significant effect on the financial position and financial performance of the Group.

(b) “The initial recognition exemption is no longer applied to the deferred tax related to assets and liabilities arising from a single transaction” in CAS Bulletin No.16 (Caikuai [2022] No.31) (“**Bulletin No.16**”)

In accordance with the provision, the Group does not apply the initial recognition exemption of deferred tax in CAS No.18 – Income Tax to a single transaction that affects neither accounting profit nor taxable profit (or deductible loss) and results in equal taxable and deductible temporary differences on initial recognition, such as leases. The Group recognises a deferred tax liability for the taxable temporary differences arising from these transactions on initial recognition in accordance with CAS No. 18 – Income Tax.

In addition, the Group has sufficient deductible temporary differences that have not been recognized as deferred tax assets when the above taxable temporary differences reverse in the future and therefore recognizes deferred tax assets equal to the amount of deferred tax liabilities. The newly recognized deferred tax assets and deferred tax liabilities meet the conditions for offset and are presented on a net basis in balance sheet. The adoption of the above regulations does not have significant effect on the financial position and financial performance of the Group.

(II) There is no significant accounting errors which required to be amended during the Reporting Period

IX. OTHERS

(I) Purchase, sale and redemption of shares of the Company

During the Reporting Period, there was no purchase, sale or redemption of the shares of the Company by the Company or any of its subsidiaries; no persons have exercised any conversion right or subscription right over convertible securities, options, warrants or other similar rights issued or granted by the Company or any of its subsidiaries at any time.

(II) Pre-emptive right

There are no provisions for pre-emptive rights under the laws of the People's Republic of China and Company's Articles of Association which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

(III) Public float

Based on publicly available information and as far as the directors are aware, the board of directors is of the view that the public float of the Company as at 28 March 2024 (as the latest practicable date before the date of this announcement) complied with the requirements of the Hong Kong Listing Rules.

(IV) Shareholders' waiver or consent to dividend arrangements

During the Reporting Period, there were no arrangements on waiver of any dividend by any shareholder.

(V) Management Contracts

During the Reporting Period, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed.

(VI) Model Code for Securities Transactions by directors

Having made enquiries with all of the directors and supervisors, directors of the Company have complied with the provisions on securities transactions under the “Model Code for Securities Transactions by Directors of Listed Issuers” under Appendix C3 of the Hong Kong Listing Rules during the Reporting Period. The Company has also formulated the “Model Code for Securities Transactions by Directors, Supervisors, Senior Management and Relevant Employees” to ensure the relevant personnel’s compliance with this Code in carrying out securities transactions.

(VII) Corporate Governance Code

As at the date of this announcement, the Board has reviewed the daily governance of the Company with reference to Part II of the Corporate Governance Code in Appendix C1 to the Hong Kong Listing Rules, and is of the view that the Company fully adopted all code provisions in Part II of the Corporate Governance Code and strived to fulfill the recommended best practices other than the code provisions B2.2, C1.6 and F2.2 in Part II stated below, the Company has been in compliance with all the code provisions in Part II under the Corporate Governance Code and no material deviation or breach of the provisions of the Corporate Governance Code was found.

Code provision	Compliance	Corporate governance procedures
B2.2 Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.	No	All directors were elected or replaced at general meetings. The Company has introduced the cumulative voting system for the election of directors. According to the Company Law and the Articles of Association, each session of the board of directors is for a term of three years, with each director appointed for a term of three years, and all directors should retire upon the expiry of the three-year term, instead of retirement by rotation. Any re-appointment is subject to re-election at a general meeting.

Code provision	Compliance	Corporate governance procedures
C1.6 Independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. In general, they should also attend general meetings to gain and develop a comprehensive and balanced understanding of the views of the shareholders.	No	All independent non-executive Directors and other non-executive Directors have attended Board meetings and meetings of various committees regularly and contributed their skills and expertise to the Company's decision-making process. During the year, Mr. Yu Mingyuan, being an independent non-executive Director, was unable to attend the 2022 annual general meeting, due to other business engagement, all independent non-executive Directors and other non-executive Directors attended the general meetings of the Company.
F2.2 The chairman of the Board should attend the annual general meeting	No	Mr. Chen Yunjiang, being the Chairman, was unable to attend the 2022 annual general meeting, due to other business engagement, and the meeting was presided over by Mr. Wang Feng, an executive Director and the general manager.

(VIII) Audit Committee

The audit committee of the Company has reviewed and confirmed this preliminary results announcement for the year ended 31 December 2023. The annual financial statements of the Company has been prepared in accordance with the PRC Accounting Standards and is in compliance with the disclosure requirements under the Hong Kong Companies Ordinance and the Hong Kong Listing Rules.

(IX) Remuneration policy

During the Reporting Period, the Group continues to implement state-owned enterprise reform initiatives and adopts a compensation management strategy that determines the employees' salaries according to their specific positions and their performance based on the characteristics of road-and-bridge enterprises. To align with the demand for strategic objectives and work highlights for the year, the Group consistently innovates the cadre management mechanism to improve the performance assessment system. During the Reporting Period, revisions were made to the "Management Personnel Administration Measures" and the "Implementation Rules for the Assessment of Management Personnel", providing effective tools for cadre management. Through incentives in salary, assessment, and welfare, the Group successfully fostered enthusiasm and motivation among employees. During the Reporting Period, the total salary of employees amounted to approximately RMB882,728,000. Moreover, the Group nurtured multi-dimensional development among employees and improved overall performance through various measures, including temporary assignment and shifting posts of management personnel, as well as recruitment, which cultivated and attracted a group of outstanding employees, striving to create a supportive atmosphere for talent development.

(X) Training programs

Staffs are the primary productive force of business development. By closely combining with the development goals, talent needs and the status of the staffs, and adhering to the principle of teaching according to needs and seeking effectiveness, the Group has made proposal of comprehensive quality and competency training for senior management, mid-levels and managers, newly-promoted management, and junior youth backbone employees featuring with multiple dimensions and levels, respectively: Firstly, the Group organized the management to participate in professional manager training, implemented the new development concepts, constructed a new development pattern, properly managed the relationship between reform, development and stability, and excelled as the leading enterprise in the "5824" chain and promoted the high-quality development of state-owned enterprises; secondly, the Group organized the Company's mid-levels and key management personnel to participate in competency training in batches, to learn the innovative ideas and management concepts of benchmark companies; thirdly, the Group organized business training for dispatchers, toll collectors, team leader competency, front-line management personnel, maintenance management personnel, etc., to comprehensively improve the business quality and professional ability of the staff; fourthly, the Group organized training for safety management personnel and special operators to ensure a 100% certification holding rate; fifthly, taking into account the national development strategy for important skilled talents, the Group conducted full and comprehensive training for skilled personnel to promote skills upgrading and employment with certificates.

As of the end of the Reporting Period, the Company had a total of 312 people passed the Level 5 certification for “Rescue Machinery Operator”, accounting for 86.91% of the total 359 people eligible to participate. A total of 1,851 people passed the Level 5 certification for “Highway Toll and Monitoring Officer”, accounting for 89.85% of the 2,060 people eligible to participate. 117 people passed the Level 5 certification for “Fuel Attendants”, accounting for 48.35% of the 242 people eligible to participate. 32 people passed the Level 5 certification for “Maintenance Worker,” accounting for 44.44% of the 72 people eligible to participate. During the Reporting Period, approximately RMB15.6038 million was spent on training, covering all levels from the front-line production line workers to senior management, enhancing staff awareness and improving their capabilities through systematic trainings, further improving the talent team empowerment construction of the Group, reserving power sources, thus to provide talent support for the sustainable and rapid development of the Group.

(XI) Outsourcing of labour

Total working hours of outsourced labour	1 Year
Total remuneration paid to outsourced labour	RMB30,523,000

(XII) Explanation of other significant matters that have a significant impact on the value judgments and investment decisions made by investors

NIL

(XIII) Events after the Reporting Period

On 26 January 2024, with a view to further expand its asset scale in the southern Jiangsu road network, improve the layout of its principal business and the sustainability of its continual development, the Company (as purchaser and transferee) entered into the Equity Transfer Agreement with Jiangsu Communications Holding (as vendor and transferor) and agreed to acquire 65% of the equity interest in Suxichang South Expressway Company held by Jiangsu Communications Holding. Completion of the acquisition is subject to fulfilment of conditions precedent, including but not limited to, the other shareholders of Suxichang South Expressway Company having waived the pre-emptive rights, the approval by the independent shareholders at a general meeting of the Company and the transferor having completed the necessary approval/filing procedures for the transfer of equity interest in compliance with the regulations of the relevant state-owned assets supervision and administration department and other competent/regulatory authorities. On 1 March 2024, the parties to the Equity Transfer Agreement entered into the Supplemental Agreement to amend the terms of payment and to provide for an undertaking in respect of the performance of Suxichang South Expressway Company for the first five financial years after the Valuation Date in favour of the Company. As of the date of this announcement, except for (1) the transferor having completed the necessary approval/filing procedures for the transfer of equity interest in compliance with the regulations of the relevant state-owned assets supervision and administration department and other competent/regulatory authorities and (2) the approval by independent shareholders at a shareholders' general meeting of the Company, other conditions precedent of the transfer of the target equity have been fulfilled. Please refer to the announcements of the Company dated 29 January 2024, 21 February 2024, 2 March 2024, and the circular dated 6 March 2024 for details.

Save as disclosed above, there were no significant events subsequent to the Reporting Period.

X. FINANCIAL STATEMENTS (PRC STANDARDS)

(I) Consolidated balance sheet

As at 31 December 2023

Unit: Yuan Currency: RMB

Item	31 December 2023	31 December 2022
Current assets:		
Cash at bank and on hand	862,161,074.06	932,931,344.38
Financial assets held for trading	3,663,586,404.72	3,474,620,148.26
Bills receivable	8,663,103.00	950,000.00
Accounts receivable	1,650,030,300.22	1,127,669,970.08
Prepayments	6,112,638.02	7,737,346.20
Other receivables	61,589,717.54	62,758,902.02
Inventories	2,238,246,666.22	2,585,018,115.85
Non-current assets due within one year	119,723,641.87	62,000,000.00
Other current assets	126,659,049.37	1,132,118,913.26
Total current assets	<u>8,736,772,595.02</u>	<u>9,385,804,740.05</u>
Non-current assets:		
Long-term receivables	59,436,854.80	111,904,575.09
Long-term equity investments	11,882,583,176.73	11,089,989,971.83
Investments in other equity instruments	6,822,989,652.00	6,989,448,132.00
Other non-current financial assets	2,912,377,965.03	2,877,355,787.11
Investment properties	288,986,713.80	308,801,243.53
Fixed assets	7,595,044,911.05	8,045,978,815.98
Construction in progress	87,693,849.80	188,697,382.38
Right-of-use assets	26,887,608.43	29,471,084.75
Intangible assets	39,861,699,681.34	39,160,901,716.97
Long-term deferred expenses	16,204,355.14	18,310,574.19
Deferred tax assets	186,751,635.49	183,314,189.73
Other non-current assets	184,014,945.73	68,366,860.46
Total non-current assets	<u>69,924,671,349.34</u>	<u>69,072,540,334.02</u>
Total assets	<u>78,661,443,944.36</u>	<u>78,458,345,074.07</u>

Item	31 December 2023	31 December 2022
Current liabilities:		
Short-term loans	1,003,987,152.92	2,434,124,067.61
Bills payable	252,900,000.00	366,000,000.00
Accounts payable	2,694,620,290.31	2,813,441,518.75
Advance payments received	21,398,050.68	15,148,842.33
Contract liabilities	39,662,422.59	162,928,919.15
Employee benefits payable	7,906,215.55	7,114,523.65
Taxes payable	228,631,043.01	383,023,669.03
Other payables	341,841,510.15	288,042,394.72
Non-current liabilities due within one year	3,031,210,204.68	1,815,208,560.25
Other current liabilities	1,927,281,542.83	5,359,728,092.37
Total current liabilities	<u>9,549,438,432.72</u>	<u>13,644,760,587.86</u>
Non-current liabilities:		
Long-term loans	19,449,100,982.09	16,053,597,366.94
Debentures payable	7,984,206,539.05	9,972,337,481.34
Lease liabilities	18,507,760.81	20,300,291.44
Long-term payables	69,733,023.45	71,404,993.74
Deferred income	61,767,427.74	73,860,914.18
Deferred tax liabilities	640,181,902.82	671,751,540.62
Total non-current liabilities	<u>28,223,497,635.96</u>	<u>26,863,252,588.26</u>
Total liabilities	<u>37,772,936,068.68</u>	<u>40,508,013,176.12</u>

Item	31 December 2023	31 December 2022
Owners' equity(or shareholders' equity):		
Paid-in capital (or share capital)	5,037,747,500.00	5,037,747,500.00
Capital reserve	9,801,241,684.91	9,776,409,372.86
Other comprehensive income	1,677,108,920.24	1,752,882,112.53
General risk reserve	–	9,737,731.83
Specific reserve	2,090,207.92	577,468.02
Surplus reserve	4,183,280,243.52	4,019,593,072.94
Retained earnings	<u>13,285,818,750.47</u>	<u>11,343,860,451.93</u>
Total equity attributable to owners (or shareholders) of the Company	<u>33,987,287,307.06</u>	<u>31,940,807,710.11</u>
Non-controlling interests	<u>6,901,220,568.62</u>	<u>6,009,524,187.84</u>
Total owners' (or shareholders') equity	<u>40,888,507,875.68</u>	<u>37,950,331,897.95</u>
Total liabilities and owners' (or shareholders') equity	<u>78,661,443,944.36</u>	<u>78,458,345,074.07</u>

Legal representative:
Chen Yunjiang

*The person in-charge of
accounting affairs:*
Chen Jinjia

*The head of the accounting
department:*
Yao Qunfang

(II) Consolidated income statement

For the year ended 31 December 2023

Item	<i>Unit: Yuan Currency: RMB</i>	
	2023	2022
I. Operating income	15,192,010,226.04	13,255,603,107.72
Including: Operating income	15,192,010,226.04	13,255,603,107.72
II. Operating costs	11,053,966,237.22	10,412,613,916.51
Including: Operating costs	9,580,684,804.43	8,841,449,322.89
Taxes and surcharges	53,378,012.08	168,927,615.17
Selling and distribution expenses	10,026,993.87	14,501,739.24
General and administrative expenses	283,506,233.50	293,508,570.18
Financial expenses	1,126,370,193.34	1,094,226,669.03
Including: Interest expenses	1,076,088,753.42	1,098,642,030.08
Interest income	28,986,561.47	23,262,551.07
Add: Other income	30,838,145.86	31,982,996.77
Investment income (“-” for losses)	1,464,582,102.32	1,867,961,513.05
Including: Income from investments in associates and joint ventures	846,679,037.20	1,086,915,705.37
Gains from changes in fair value (“-” for losses)	85,937,472.55	-142,950,442.33
Credit losses (“-” for losses)	-20,431,539.23	-5,354,679.05
Impairment losses (“-” for losses)	-14,594,829.24	–
Gains from asset disposals (“-” for losses)	13,404,236.61	25,731,786.68

Item	2023	2022
III. Operating profit (“-” for loss)	5,697,779,577.69	4,620,360,366.33
Add: Non-operating income	13,957,656.30	10,630,200.48
Less: Non-operating expenses	39,462,620.21	49,967,992.41
IV. Profit before income tax (“-” for losses)	5,672,274,613.78	4,581,022,574.40
Less: Income tax expenses	1,062,649,445.98	833,033,706.01
V. Net profit for the year (“-” for losses)	4,609,625,167.80	3,747,988,868.39
(1) Net profit classified by continuity of operations (“-” for net loss)		
1. Net profit from continuing operations (“-” for net loss)	4,609,625,167.80	3,747,988,868.39
2. Net profit from discontinued operations (“-” for net loss)		–
(2) Net profit classified by ownership (“-” for net loss)		
1. Shareholders of the Company (“-” for net loss)	4,413,271,587.29	3,724,115,165.87
2. Non-controlling interests (“-” for net loss)	196,353,580.51	23,873,702.52

Item	2023	2022
VI. Other comprehensive income, net of tax	-41,655,992.29	847,357,806.80
(1) Other comprehensive income (net of tax) attributable to owners of the Company	-75,773,192.29	837,091,056.80
1. Items that will not be reclassified to profit or loss	-76,178,930.56	837,189,417.43
(1) Other comprehensive income recognised under equity method	82,782,129.44	-3,743,295.51
(2) Changes in fair value of investments in other equity instruments	-158,961,060.00	840,932,712.94
2. Items that may be reclassified to profit or loss	405,738.27	-98,360.63
(2) Other comprehensive income (net of tax) attributable to non-controlling interests	34,117,200.00	10,266,750.00
VII. Total comprehensive income	4,567,969,175.51	4,595,346,675.19
(1) Attributable to owners of the Company	4,337,498,395.00	4,561,206,222.67
(2) Attributable to non-controlling interests	230,470,780.51	34,140,452.52
VIII. Earnings per share		
(1) Basic earnings per share <i>(RMB/share)</i>	<u>0.8760</u>	<u>0.7392</u>
(2) Diluted earnings per share <i>(RMB/share)</i>	<u>0.8760</u>	<u>0.7392</u>

Legal representative:
Chen Yunjiang

*The person in-charge of
accounting affairs:*
Chen Jinjia

*The head of the accounting
department:*
Yao Qunfang

(III) Consolidated cash flow statement

For the year ended 31 December 2023

Item	<i>Unit: Yuan Currency: RMB</i>	
	2023	2022
I. Cash flows from operating activities:		
Proceeds from sale of goods and rendering of services	12,805,897,762.31	9,657,865,802.24
Refund of taxes	77,010,954.48	1,127,937,142.47
Proceeds from other operating activities	488,056,459.35	1,175,062,817.41
Sub-total of cash inflows	13,370,965,176.14	11,960,865,762.12
Payment for goods and services	2,729,562,155.51	2,273,624,208.27
Payment to and for employees	1,367,014,065.62	1,284,237,259.94
Payment of various taxes	1,498,140,003.06	1,396,026,964.96
Payment for other operating activities	383,824,870.20	1,479,056,282.51
Sub-total of cash outflows	5,978,541,094.39	6,432,944,715.68
Net cash flows generated from operating activities	7,392,424,081.75	5,527,921,046.44
II. Cash flows from investing activities:		
Proceeds from disposal of investments	17,234,043,833.50	16,242,271,244.68
Investment returns received	765,238,729.78	916,007,126.42
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets	14,034,635.02	51,755,200.88
Net proceeds from disposal of subsidiary	284,595,804.89	–
Sub-total of cash inflows	18,297,913,003.19	17,210,033,571.98
Payment for acquisition of fixed assets, intangible assets and other long-term assets	3,804,376,752.41	4,039,105,625.86
Payment for acquisition of investments	17,372,094,795.33	17,140,572,709.15
Net payment for acquisition of subsidiaries and other business units	–	2,457,000,000.00
Sub-total of cash outflows	21,176,471,547.74	23,636,678,335.01
Net cash flows generated from investing activities	-2,878,558,544.55	-6,426,644,763.03

Item	2023	2022
III. Cash flows from financing activities:		
Proceeds from investors	702,916,000.00	511,000,000.00
Including: Proceeds from non-controlling shareholders of subsidiaries	702,916,000.00	400,000,000.00
Proceeds from borrowings	7,871,138,911.24	7,026,403,472.09
Proceeds from issuance of debentures	12,050,000,000.00	29,357,400,000.00
Sub-total of cash inflows	20,624,054,911.24	36,894,803,472.09
Repayments of borrowings	21,774,738,025.23	32,259,970,646.60
Payment for dividends, profit distributions or interest	3,448,583,744.41	3,422,409,878.25
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries	41,965,315.66	19,885,678.86
Payment for other financing activities	6,008,003.40	5,993,174.91
Sub-total of cash outflows	25,229,329,773.04	35,688,373,699.76
Net cash flows generated from financing activities	-4,605,274,861.80	1,206,429,772.33
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-	-
V. Net increase in cash and cash equivalents	-91,409,324.60	307,706,055.74
Add: Cash and cash equivalents at the beginning of the period	925,012,854.49	617,306,798.75
VI. Cash and cash equivalents at the end of the period	833,603,529.89	925,012,854.49

Legal representative:
Chen Yunjiang

The person in-charge of accounting affairs:
Chen Jinjia

The head of the accounting department:
Yao Qunfang

(IV) Notes to items in the consolidated financial statements:

1. Operating income and operating costs

(1) Operating income and operating costs

Unit: Yuan Currency: RMB

Item	2023		2022	
	Income	Cost	Income	Cost
Principal activities	13,850,791,481.07	8,702,146,555.59	11,786,933,521.91	7,958,674,859.74
Other operating activities	1,341,218,744.97	878,538,248.84	1,468,669,585.81	882,774,463.15
Total	<u>15,192,010,226.04</u>	<u>9,580,684,804.43</u>	<u>13,255,603,107.72</u>	<u>8,841,449,322.89</u>
Including: Revenue from contracts with customers (2)	15,020,522,055.56	9,345,962,607.50	13,162,146,352.67	8,624,182,102.72
Lease income	<u>171,488,170.48</u>	<u>234,722,196.93</u>	<u>93,456,755.05</u>	<u>217,267,220.17</u>

(2) *Disaggregation of revenue from contracts with customers*

Unit: Yuan Currency: RMB

Item	2023		2022	
	Income	Cost	Income	Cost
By type of business				
Toll road income	9,510,966,569.17	4,266,004,000.87	7,323,016,523.07	3,319,631,749.81
Construction service income	2,496,053,906.65	2,496,053,906.65	3,340,387,380.03	3,340,387,380.03
Income from ancillary services	1,725,136,111.49	1,713,540,064.28	1,060,057,453.18	1,118,503,380.56
Income from real estate development	474,897,940.35	363,056,827.88	674,078,627.89	431,390,921.20
Income from sales of electricity	642,167,322.18	341,313,339.43	651,675,244.34	328,148,600.23
Income from advertisement and other services	171,300,205.72	165,994,468.39	112,931,124.16	86,120,070.89
Total	15,020,522,055.56	9,345,962,607.50	13,162,146,352.67	8,624,182,102.72
By timing of revenue recognition				
Revenue recognised at a point in time	12,407,994,675.97	6,767,292,917.20	9,718,487,782.07	5,208,034,307.54
Revenue recognised over time	2,612,527,379.59	2,578,669,690.30	3,443,658,570.60	3,416,147,795.18
Total	15,020,522,055.56	9,345,962,607.50	13,162,146,352.67	8,624,182,102.72

2. *Income tax expenses*

(1) *Income tax expenses*

Unit: Yuan Currency: RMB

Item	2023	2022
Current tax expense for the year based on tax law and regulations	1,048,388,391.08	878,723,329.99
Changes in deferred tax assets/liabilities	6,607,536.44	-36,298,618.66
Tax filing differences for previous years	7,653,518.46	-9,391,005.32
Total	<u>1,062,649,445.98</u>	<u>833,033,706.01</u>

(2) *Reconciliation of accounting profits and income tax expenses*

Unit: Yuan Currency: RMB

Item	2023	2022
Profits before taxation	5,672,274,613.78	4,581,022,574.40
Expected income tax expense at tax rate of 25%	1,418,068,653.44	1,145,255,643.60
Tax filing differences for previous years	7,653,518.46	-9,391,005.32
Effect of non-taxable income	-334,124,121.24	-395,126,315.88
Effect of non-deductible costs, expense and losses	73,382,205.09	22,342,199.50
Effect of using deductible losses for which no deferred tax asset was recognised in previous periods	-120,033,137.36	-236,912.35
Effect of deductible temporary differences or deductible losses for which no deferred tax asset was recognised this period	40,683,174.38	93,850,541.63
Effect of preferential tax rates applied by subsidiaries	-38,890,752.77	-33,621,501.39
Income tax for investments in partnership	15,909,905.98	9,961,056.22
Income tax expenses	1,062,649,445.98	833,033,706.01

3. *Net profit for the year, net of the following items*

Unit: Yuan Currency: RMB

Item	2023	2022
Employee salaries (including directors' emoluments)	1,178,953,261.88	1,112,152,576.33
Basic pension insurance and annuity	188,921,708.85	175,680,364.15
Total employee benefits	1,367,874,970.73	1,287,832,940.48
Audit fees	3,460,000.00	3,000,000.00
Depreciation and amortisation (included in operating costs, selling and distribution expenses and general and administrative expenses)	2,532,347,256.63	2,048,472,217.60
(Gains)/losses from disposal or scrapping of non-current assets	13,404,236.61	25,731,786.68
Amortisation of land use rights (included in operating costs and general and administrative expenses)	64,721,568.48	64,721,568.48
Sales costs of inventories	1,904,399,478.61	1,354,519,323.27

4. *Breakdown of non-recurring profit or loss*

Unit: Yuan Currency: RMB

Item	Amount	Explanation
Gains or losses on disposal of non-current assets	13,901,642.18	
Government grants recognised through profit or loss (excluding those that are closely related to the Group's operations and enjoyed in a fixed amount or quantity according to uniform national standards)	18,423,300.33	Mainly the value-added tax additional deduction confirmed during this reporting period.

Item	Amount	Explanation
Changes in fair value of financial assets and liabilities held for trading and derivative financial assets and liabilities, and disposal of financial assets and liabilities held for trading, derivative financial assets and liabilities and other debt investments, other than those held for effective hedging related to normal operations	237,288,430.54	Mainly refers to gains from changes in fair value of other non-current financial assets held by subsidiaries of approximately RMB85,937,000 and dividends income of approximately RMB69,174,000; Dividend income from other equity instruments is approximately RMB466,055,000; as well as gains from short-term bank wealth management of approximately RMB82,177,000 recognised during the reporting period
Custody fees received for entrusted operations	69,455,673.77	
Other items that qualify as extraordinary gains and losses	-25,504,963.91	Mainly the expenses incurred for repairing road property damage during this reporting period.
Less: Income tax effect	57,631,222.37	
Effect on non-controlling interests	-17,404,910.88	
Total	<u>238,527,949.66</u>	

5. Return on net assets and earnings per share

Unit: Yuan Currency: 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 the Company's ordinary equity shareholders	13.39	0.8760	0.8760
Net profit excluding extraordinary gains and losses attributable to the Company's ordinary equity shareholders	12.67	0.8287	0.8280

6. *Basic earnings per share and diluted earnings per share*

(1) *Basic earnings per share*

Basic earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

	<i>Unit: Yuan Currency: RMB</i>	
	2023	2022
Consolidated net profit attributable to ordinary shareholders of the Company	4,413,271,587.29	3,724,115,165.87
Weighted average number of ordinary shares outstanding	5,037,747,500.00	5,037,747,500.00
Basic earnings per share (<i>RMB/share</i>)	0.8760	0.7392

Weighted average number of ordinary shares is calculated as follows:

	<i>Unit: Yuan Currency: RMB</i>	
	2023	2022
Issued ordinary shares at the beginning of the year	5,037,747,500.00	5,037,747,500.00
Weighted average number of ordinary shares at the end of the year	5,037,747,500.00	5,037,747,500.00

(2) *Diluted earnings per share*

The Company did not have dilutive potential ordinary shares during the reporting period. Diluted earnings per share is the same as basic earnings per share.

7. *Bills receivable*

(1) *Category of bills receivable:*

Unit: Yuan Currency: RMB

Item	2023	2022
Bank acceptance bills	8,663,103.00	950,000.00
Less: Provision for bad and doubtful debts	—	—
Total	<u>8,663,103.00</u>	<u>950,000.00</u>

(2) *The Group has no pledged bills receivable at the end of the year.*

(3) *There is no endorsed or discounted bills receivable that is not yet matured at the end of the year.*

(4) *There is no bills receivable transferred to accounts receivable due to the non-performance of the issuers.*

8. *Accounts receivable*

(1) *Analysis by counterparty type is as follows:*

Unit: Yuan Currency: RMB

Type	2023	2022
Amounts due from related party	299,928,142.43	229,096,489.03
Amounts due from third party	1,385,055,928.22	913,095,712.25
Sub-total	1,684,984,070.65	1,142,192,201.28
Less: Provision for bad and doubtful debts	<u>34,953,770.43</u>	<u>14,522,231.20</u>
Total	<u>1,650,030,300.22</u>	<u>1,127,669,970.08</u>

(2) The ageing analysis is as follows:

Unit: Yuan Currency: RMB

Ageing	2023	2022
Within 1 year	1,000,359,573.16	818,830,075.45
Over 1 year but within 2 years	381,557,486.70	263,703,609.37
Over 2 years but within 3 years	245,676,090.60	33,468,052.66
Over 3 years but within 4 years	33,412,895.56	25,410,558.81
Over 4 years	23,978,024.63	779,904.99
Sub-total	1,684,984,070.65	1,142,192,201.28
Less: Provision for bad debts	34,953,770.43	14,522,231.20
Total	1,650,030,300.22	1,127,669,970.08

The ageing is counted starting from the date when accounts receivable are recognised.

(3) Accounts receivable by provisioning method:

Unit: Yuan Currency: RMB

Category	2023					2022				
	Book value		Provision for bad and doubtful debts		Carrying amount	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Individual assessment	1,710,232.43	0.10	1,710,232.43	100.00	-	-	-	-	-	
- Toll road fees receivable and others	1,710,232.43	0.10	1,710,232.43	100.00	-	-	-	-	-	
Collective assessment	1,683,273,838.22	99.90	33,243,538.00	1.97	1,650,030,300.22	1,142,192,201.28	100.00	14,522,231.20	1.27	1,127,669,970.08
- Toll road fees receivable and others	579,400,796.56	34.39	769,672.07	0.13	578,631,124.49	396,148,435.57	34.68	596,358.26	0.15	395,552,077.31
- Electricity fees receivable	1,103,873,041.66	65.51	32,473,865.93	2.94	1,071,399,175.73	746,043,765.71	65.32	13,925,872.94	1.87	732,117,892.77
Total	1,684,984,070.65	100.00	34,953,770.43	2.07	1,650,030,300.22	1,142,192,201.28	100.00	14,522,231.20	1.27	1,127,669,970.08

(4) *Movements of provisions for bad and doubtful debts:*

Unit: Yuan Currency: RMB

	Note	2023	2022
Balance at the beginning of the year		14,522,231.20	9,167,552.15
Additions during the year		21,458,122.01	9,248,888.42
Recoveries or reversals during the year		-1,026,582.78	-3,894,209.37
Written-off during the year	(5)	—	—
Balance at the end of the year		<u>34,953,770.43</u>	<u>14,522,231.20</u>

(5) *Accounts receivable written off:*

Item	2023	2022
Accounts receivable written off	—	—

(6) *Five largest accounts receivable by debtor at the end of the period:*

The five largest accounts receivable of the Group amounted to RMB1,514,543,194.32, accounting for 89.88% of total accounts receivable at the end of the year, and the corresponding balance of provision for bad and doubtful debts is RMB32,359,266.68.

(7) *Derecognition of accounts receivable due to transfer of financial assets:*

The Group has no accounts receivable derecognised due to transfer of financial assets during the year (2022: None).

(8) *Assets and liabilities recognised due to continuing involvement in transferred accounts receivable:*

The group does not transfer receivables during the year and continues to involve in the formation of assets and liabilities (2022: None).

9. Prepayments

(1) Prepayments by category:

Unit: Yuan Currency: RMB

Item	2023	2022
Prepayments	<u>6,112,638.02</u>	<u>7,737,346.20</u>
Total	<u>6,112,638.02</u>	<u>7,737,346.20</u>

(2) The ageing analysis of prepayments is as follows:

Unit: Yuan Currency: RMB

Ageing	2023		2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	5,853,638.07	95.77	7,096,853.21	91.73
Over 1 year but within 2 years	212,310.95	3.47	583,769.95	7.54
Over 2 years but within 3 years	2,000.00	0.03	56,723.04	0.73
Over 3 years	<u>44,689.00</u>	<u>0.73</u>	<u>–</u>	<u>–</u>
Total	<u>6,112,638.02</u>	<u>100.00</u>	<u>7,737,346.20</u>	<u>100.00</u>

The ageing is counted starting from the date when prepayments are recognised.

(3) *Five largest prepayments by debtor at the end of the period:*

Unit: Yuan Currency: RMB

Name of entity	Amount	Proportion of the amount to the total prepayments (%)
Jiangsu Communications Holding Commercial Operation Management Co., Ltd.	743,056.55	12.16
Wuxi Power Supply Company	647,252.10	10.59
Kunshan Lize Natural Gas Sales Co., Ltd.	557,209.46	9.12
The Jiangyin Branch of China Petroleum and Chemical Corporation	445,572.08	7.29
Jiangsu Tianlongen Clothing Co., Ltd.	389,760.00	6.38
Total	<u>2,782,850.19</u>	<u>45.54</u>

10. Other receivables

Unit: Yuan Currency: RMB

Item	Note	2023	2022
Dividends receivable	(1)	19,262,901.83	4,989,960.00
Others	(2)	<u>42,326,815.71</u>	<u>57,768,942.02</u>
Total		<u>61,589,717.54</u>	<u>62,758,902.02</u>

(1) *Dividends receivable*

Unit: Yuan Currency: RMB

Item (or investee)	2023	2022
Longyuan Donghai Wind Power Generation Co., Ltd.	14,272,941.83	–
Jiangsu Kuailu Motor Transport Co., Ltd.	4,989,960.00	<u>4,989,960.00</u>
Total	<u>19,262,901.83</u>	<u>4,989,960.00</u>

(2) *Others*

(a) Others by counterparty type:

Unit: Yuan Currency: RMB

Customer type	2023	2022
Amounts due from related party	5,912,674.20	17,429,452.99
Amounts due from third party	52,353,254.51	56,278,602.03
Sub-total	58,265,928.71	<u>73,708,055.02</u>
Less: Provision for bad and doubtful debts	15,939,113.00	<u>15,939,113.00</u>
Total	<u>42,326,815.71</u>	<u>57,768,942.02</u>

(b) The ageing analysis is as follows:

Unit: Yuan Currency: RMB

Ageing	2023	2022
Within 1 year	4,412,677.96	7,784,678.16
Over 1 year but within 2 years	2,700,773.76	18,726,497.05
Over 2 years but within 3 years	16,857,772.16	13,251,033.52
Over 3 years	<u>34,294,704.83</u>	<u>33,945,846.29</u>
Total	<u>58,265,928.71</u>	<u>73,708,055.02</u>

(c) Others by provisioning method:

Unit: Yuan Currency: RMB

Category	2023					2022				
	Book value		Provision for bad and doubtful debts		Carrying amount	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Individual assessment	15,812,140.02	27.14	15,812,140.02	100.00	-	15,812,140.02	21.45	15,812,140.02	100.00	-
Collective assessment	<u>42,453,788.69</u>	<u>72.86</u>	<u>126,972.98</u>	<u>0.30</u>	<u>42,326,815.71</u>	<u>57,895,915.00</u>	<u>78.55</u>	<u>126,972.98</u>	<u>0.22</u>	<u>57,768,942.02</u>
Total	<u>58,265,928.71</u>	<u>100.00</u>	<u>15,939,113.00</u>	<u>27.36</u>	<u>42,326,815.71</u>	<u>73,708,055.02</u>	<u>100.00</u>	<u>15,939,113.00</u>	<u>21.63</u>	<u>57,768,942.02</u>

(d) Movements of provisions for bad and doubtful debts:

Unit: Yuan Currency: RMB

	2023			Total
	Stage 1	Stage 2	Stage 3	
Provision for bad and doubtful debts	12-month ECL	Lifetime ECL - Not credit impaired	Lifetime ECL - Credit impaired	
1. Provision				
Balance at 1 January 2023	126,972.98	-	15,812,140.02	15,939,113.00
Balance at 31 December 2023	126,972.98	-	15,812,140.02	15,939,113.00
2. Balance of other payable at				
31 December 2023	42,453,788.69	-	15,812,140.02	42,453,788.69
3. Percentage of provision	0.30%	-	100.00%	0.30%
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	2022			
	Stage 1	Stage 2	Stage 3	
Provision for bad and doubtful debts	12-month ECL	Lifetime ECL - Not credit impaired	Lifetime ECL - Credit impaired	Total
1. Provision				
Balance at 1 January 2022	126,972.98	-	15,812,140.02	15,939,113.00
Balance at 31 December 2022	126,972.98	-	15,812,140.02	15,939,113.00
2. Balance of other payable at				
31 December 2022	57,895,915.00	-	15,812,140.02	73,708,055.02
3. Percentage of provision	0.22%	-	100.00%	21.63%
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(i) Provision for bad and doubtful debts

The Group had no significant individual amount of bad and doubtful debts to be recovered or reserved during the year.

(ii) Other receivables written-off during the year

The Group had no other receivables written-off during the year.

(e) Others categorised by nature

Unit: Yuan Currency: RMB

Nature of other receivables	2023	2022
Liquidated damages	–	11,000,000.00
Landlord maintenance funds	18,059,467.25	18,669,886.80
Amounts of investment clearance	15,812,140.02	15,812,140.02
Project funds borrowed in advance	6,651,121.50	6,651,121.50
Petty cash	3,884,765.66	4,018,786.60
Mortgage deposits for housing fund loan	417,000.00	2,864,000.00
Others	13,441,434.28	14,692,120.10
Less: Provision for bad debts	15,939,113.00	15,939,113.00
Total	<u>42,326,815.71</u>	<u>57,768,942.02</u>

(f) Five largest other receivables by debtor at the end of the period:

Unit: Yuan Currency: RMB

Debtor	Nature of the receivable	Balance at the end of the period	Ageing	Proportion to total closing balance of other receivables (%)	Provision for bad and doubtful debts
Jiangsu Yixing Highway Administration	Amounts of investment clearance	15,812,140.02	More than 3 years	27.14	15,812,140.02
Department China Construction Eighth Engineering Division Corp. Ltd.	Project funds borrowed in advance	6,088,716.00	More than 3 years	10.45	–
Jiangsu Lord Equity Investment Fund Management Co., Ltd. (“Load Fund Company”)	Advances	5,598,493.35	More than 3 years	9.61	–
Suzhou Housing Property Guarantee Co., Ltd.	Others	558,900.00	2-3 years	0.96	–
Jiangsu Provincial Transportation Engineering Construction Bureau	Advances	439,791.51	1-3 years	0.75	–
Total		<u>28,498,040.88</u>		<u>48.91</u>	<u>15,812,140.02</u>

11. Accounts payable

(1) Details of accounts payable are as follows:

Unit: Yuan Currency: RMB

Item	2023	2022
Amounts due to related party	89,327,164.40	186,615,902.53
Amounts due to third party	<u>2,605,293,125.91</u>	<u>2,626,825,616.22</u>
Total	<u>2,694,620,290.31</u>	<u>2,813,441,518.75</u>

(2) Significant accounts payable with ageing of more than one year:

Unit: Yuan Currency: RMB

Item	Balance at the end of the period	Reasons why not repaid or settled
Construction payables	1,192,864,682.01	Long settlement period
Construction payables for real estate projects	370,857,275.33	Long settlement period
Total	<u>1,563,721,957.34</u>	

12. Advance payments received

Details of advance payments received are as follows:

	<i>Unit: Yuan Currency: RMB</i>	
Item	2023	2022
Rental deposits received in advance	<u>21,398,050.68</u>	<u>15,148,842.33</u>
Total	<u>21,398,050.68</u>	<u>15,148,842.33</u>

As at 31 December 2023, the Group had no significant advance payments received with ageing of more than one 1 year (31 December 2022: None).

13. Contract liabilities

	<i>Unit: Yuan Currency: RMB</i>	
Item	2023	2022
Advances from sales of property received	<u>39,662,422.59</u>	<u>162,928,919.15</u>
Total	<u>39,662,422.59</u>	<u>162,928,919.15</u>

Contract liabilities primarily relate to the Group's advances from real estate sales contracts of customers. The Group receives the advances when entering into the contract with customers. The revenue related to the contracts will be recognised when the Group satisfies its performance obligations.

The Significant changes in the contract liabilities of the Group for the period.

Unit: Yuan Currency: RMB

Item	2023
Balance at 1 January 2023	162,928,919.15
Amount increased due to receipt of cash (excluding amounts recognized as income for the current year)	3,219,047.62
Revenue recognized based on the amount included in the contractual liabilities at the beginning of the year	-126,485,544.18
Balance at 31 December 2023	39,662,422.59

14. Other payables

Unit: Yuan Currency: RMB

Item	<i>Note</i>	2022	2021
Dividends payable	(1)	105,617,866.33	104,557,522.67
Others	(2)	<u>236,223,643.82</u>	<u>183,484,872.05</u>
Total		<u><u>341,841,510.15</u></u>	<u><u>288,042,394.72</u></u>

(1) *Dividends payable*

Unit: Yuan Currency: RMB

Item	2023	2022
Dividends for ordinary shares	<u><u>105,617,866.33</u></u>	<u><u>104,557,522.67</u></u>

(2) *Others*

Details of others by nature are as follows:

	<i>Unit: Yuan Currency: RMB</i>	
Item	2023	2022
Lease deposit of service area	61,993,362.64	49,178,438.65
Performance and other security	37,524,524.80	35,977,215.85
Project quality deposit	28,405,739.00	30,458,222.82
House purchase bonus	2,955,830.42	3,232,935.28
Others	105,344,186.96	64,638,059.45
Total	<u>236,223,643.82</u>	<u>183,484,872.05</u>

As at 31 December 2023, the Group had no significant other payables with the ageing over 1 year (31 December 2022: None).

15. Retained earnings

Unit: Yuan Currency: RMB

Item	Note	2023	2022
Retained earnings at the beginning of the period		11,343,860,451.93	10,110,279,671.92
Add: Net profits for the period attributable to owners of the Company		4,413,271,587.29	3,724,115,165.87
Transfer of other comprehensive income to retained earnings	(1)	-	15,544,544.77
Less: Appropriation for statutory surplus reserve		98,932,433.25	109,545,738.94
Appropriation for discretionary surplus reserve		67,558,856.33	75,936,702.74
Appropriation for general risk reserve		-1,328,785.66	3,232,638.95
Dividends to ordinary shares	(2)	2,317,363,850.00	2,317,363,850.00
Impact of disposing of a subsidiary		-11,213,065.17	-
Retained earnings at the end of the period		<u>13,285,818,750.47</u>	<u>11,343,860,451.93</u>

(1) Transfer of other comprehensive income to retained earnings

Transfer of other comprehensive income to retained earnings mainly represented gains arising from the disposal of certain investments in other equity instruments held by the Group in 2022. Such financial assets are designated to be at fair value through other comprehensive income, the accumulated gains of RMB15,544,544.77 previously included in other comprehensive income were transferred to retained earnings.

(2) Dividends in respect of ordinary shares declared during the year

Pursuant to the approval of the general meeting of shareholders held on 20 June 2023, a cash dividend of RMB0.46 per share (2022: RMB0.46 per share), totalling RMB2,317,363,850.00 (2022: RMB2,317,363,850.00), was declared and paid to the Company's ordinary shareholders on 26 June 2022.

16. Segment reporting

Based on the Group's internal organisation structure, management requirements and internal reporting system, the operations of the Group are classified into 13 operating segments, including Shanghai-Nanjing Expressway, Ningchang Expressway and Zhenli Expressway, Guangjing Expressway and Xicheng Expressway, Xiyi Expressway and Wuxi Huantaihu Expressway, Zhendan Expressway, Wufengshan Bridge, Changyi Expressway, Yichang Expressway, Longtan Bridge, ancillary services (including petrol, food and retail in service zones along the expressways), real estate development, sales of electricity, advertising and others. The Group's management periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance.

(1) Segment results and assets

For the purposes of assessing segment performance and allocating resources between segments, the Group's management regularly reviews the assets, liabilities, revenue, expenses and financial performance, attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible and other long-term assets, as well as current assets (such as receivables), attributable to the individual segments, with the exception of deferred tax assets and other unallocated corporate assets.

Segment financial performance is represented by operating income (including operating income from external customers and inter-segment operating income) after deducting expenses, depreciation, amortisation and impairment losses attributable to the individual segments. Inter-segment sales are determined with reference to prices charged to external parties for similar orders. Financial expenses, investment income, gains from changes in fair value, certain general and administrative expenses as well as certain non-operating income and tax expenses are not allocated to individual segments.

The information regarding the Group's reportable segments set out below includes data that is used to measure reportable segments' profit and assets, as well as data that is not used to measure segments' profit and assets but that is regularly provided to the Group's management:

Unit: Yuan Currency: RMB

Item	Shanghai-Nanjing Expressway	Guangdong Expressway and Xichang Expressway	Xiyi Expressway and Wuli Expressway	Huaitaihu Expressway	Changyi Expressway	Yichang Expressway	Zhentai Expressway	Ninghuang Expressway	Zhondan Expressway	Wufengshan Bridge	Longtan Bridge	Auxiliary services	Real estate development	Sales of electricity	Advertising and others	Unallocated items and elimination among segments	Total	
Segment operating income	5,220,917,488.62	919,488,144.09	656,798,958.33	142,534,942.04	128,654,487.42	1,370,361,422.90	96,694,097.58	965,556,428.19	474,897,940.35	218,956,218.54	642,167,222.18	2,496,653,906.65	15,192,010,226.04					
Operating costs	2,457,595,230.50	296,983,753.42	412,395,272.20	119,933,158.39	101,870,090.43	508,726,419.55	75,051,012.28	353,442,132.37	360,797,542.62	168,083,189.77	341,443,168.15	2,496,653,906.65	9,580,684,804.43					
Including: Amortisation of toll road operation rights	682,831,711.13	96,955,868.01	198,130,016.41	100,290,262.10	67,480,346.31	308,940,909.69	42,270,876.35	277,493,309.03					1,774,393,299.23					
Costs of petrol and other goods sold in service areas	2,793,322,258.12	622,594,390.67	224,403,686.13	22,601,783.65	26,764,396.09	861,635,003.35	21,643,685.30	612,094,295.82	114,100,397.73	300,724,154.03	300,724,154.03	50,873,028.77						
Segment operating profit/(loss)	2,763,322,258.12	622,594,390.67	224,403,686.13	22,601,783.65	26,764,396.09	861,635,003.35	21,643,685.30	612,094,295.82	114,100,397.73	300,724,154.03	300,724,154.03	50,873,028.77						
Reconciling items:																		
Less: Taxes and surcharges	28,997,083.71	4,913,279.09	3,275,519.40	29,772.32	35,630.94	-	374,910.45	22,950.34	10,400,536.02	1,720,238.63	1,579,992.75							
Selling and distribution expenses	71,693,749.49	-	-	-	-	-	-	-	10,026,993.87	-	-							
General and administrative expenses	-	-	-	-	-	-	-	-	-	-	-							
Financial expenses	-	-	-	-	-	-	-	-	-	-	-							
Financial expenses	8,464,824.96	2,003,012.50	-	-	-	1,625,648.98	-	-	169,418.12	-	-							
Investment income	-	-	-	-	-	-	-	-	-	-	-							
Gains or losses from changes in fair value	-	-	-	-	-	-	-	-	-	-	-							
Credit losses	-	-	-	-	-	-	-	-	-	-	-							
Impairment loss of assets	-	-	6,801,396.80	-	-	-	-	-	-	-	-							
Gain from disposal of assets	8,600,000.00	-	-	-	-	-	-	-	-	-	-							
Operating profit/(loss)	2,709,696,249.88	619,594,124.08	227,929,563.53	22,572,011.33	26,728,766.05	863,260,652.33	21,268,774.85	612,071,345.48	93,842,285.96	299,003,625.40	299,003,625.40	44,488,799.41	198,692,846.77	5,697,779,571.69				
Non-operating income	-	-	-	-	-	-	-	-	-	-	-							
Non-operating expenses	-	-	-	-	-	-	-	-	-	-	-							
Profit/(loss) before taxation	2,709,696,249.88	619,594,124.08	227,929,563.53	22,572,011.33	26,728,766.05	863,260,652.33	21,268,774.85	612,071,345.48	93,842,285.96	299,003,625.40	299,003,625.40	44,488,799.41	198,692,846.77	5,697,779,571.69				
Income tax	-	-	-	-	-	-	-	-	-	-	-							
Net profit/(loss) for the year	2,709,696,249.88	619,594,124.08	227,929,563.53	22,572,011.33	26,728,766.05	863,260,652.33	21,268,774.85	612,071,345.48	93,842,285.96	299,003,625.40	299,003,625.40	44,488,799.41	198,692,846.77	5,697,779,571.69				
Total segment assets	7,194,132,368.23	623,876,072.35	1,253,428,087.14	3,549,003,835.55	3,681,403,110.06	4,016,208,718.69	1,583,398,057.16	11,679,270,441.65	6,502,083,768.16	341,331,087.52	2,216,794,254.73	4,563,760,092.25	832,147,102.62	30,624,606,348.25	78,661,443,944.36			
Supplementary information:																		
Depreciation and amortisation	809,367,807.40	117,502,319.82	208,662,257.85	104,945,584.04	75,945,456.98	337,452,857.63	63,129,037.88	318,582,794.38	43,219,738.29	301,792,995.16	301,792,995.16	5,784,930.28	79,088,668.20	2,532,347,256.63				
Interest income	-	-	-	-	-	-	-	-	-	-	-							
Interest expenses	-	-	-	-	-	-	-	-	-	-	-							
Income from long-term equity investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-							
Non-current assets other than long-term equity investments	71,194,132,368.23	623,876,072.35	1,253,428,087.14	3,549,003,835.55	3,681,403,110.06	4,016,208,718.69	1,583,398,057.16	11,679,270,441.65	6,502,083,768.16	341,331,087.52	1,325,723,795.60	4,628,983,226.71	2,783,887,555.86	8,879,358,047.93	58,042,088,172.61			
Capital expenditure	70,545,698.81	800,909,074.60	-	-	-	-	71,489.30	2,336,156.91	1,720,627,196.22	-	-	924,869.47	759,936.48	-	2,708,835,927.47			

(2) *Geographical information*

All income and non-current assets of the Group are from/located in Jiangsu Province.

(3) *Major customers*

The Group has no significant dependence on a single customer during the year.

XI. DEFINITIONS OF COMMONLY USED TERMS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as follows:

Definitions of commonly used terms

The Company, Company	refers to	Jiangsu Expressway Company Limited
The Group, Group	refers to	The Company and its subsidiaries
Controlling shareholder, or Jiangsu Communications Holding	refers to	Jiangsu Communications Holding Company Limited
China Merchants Expressway	refers to	China Merchants Expressway Network & Technology Holdings Co., Ltd.
Ningchang Zhenli Company	refers to	Jiangsu Ningchang Zhenli Expressway Company Limited
Ninghu International Company	refers to	Jiangsu Expressway International (Hong Kong) Company Limited
Yangtze River Management Company	refers to	Jiangsu Yangtze River Expressway Management Co., Ltd.
Ninghu Investment Company	refers to	Jiangsu Ninghu Investment Development Co., Ltd.

Factoring Company	refers to	Ninghu Commercial Factoring (Guangzhou) Co., Ltd.
Ninghu Properties Company	refers to	Jiangsu Ninghu Properties Co., Ltd.
Hanwei Company	refers to	Nanjing Hanwei Property Development Company Limited
Yangtze Commerce and Energy Company	refers to	Jiangsu Yangtze Commerce and Energy Co., Ltd.
Guangjing Xicheng Company	refers to	Jiangsu Guangjing Xicheng Expressway Company Limited
YS Energy Company	refers to	Jiangsu Yunshan Green Energy Investment Holding Company Limited
YS Energy Group	refers to	YS Energy Company, its 11 subsidiaries and 6 joint stock companies
YS Capital	refers to	Jiangsu YS Capital Management Co., Ltd.
Nantong Tiandian	refers to	Nantong Xinxing Heat and Power Co., Ltd.
Jiangsu Clean Energy Company	refers to	Jiangsu Traffic Control Clean Energy Jiangsu Co., Ltd.
Rudong Company	refers to	Jiangsu Traffic Control Rudong Offshore Wind Power Co., Ltd.
Zhendan Company	refers to	Jiangsu Zhendan Expressway Company Limited
Wufengshan Toll Bridge Company	refers to	Jiangsu Wufengshan Toll Bridge Company Limited
Longtan Bridge Company	refers to	Jiangsu Longtan Bridge Co., Ltd.
Yuexin Company	refers to	Jiangsu Yuexin Ninghu Gas Co., Ltd. (formerly known as Jiangsu Xiexin Ninghu Gas Co., Ltd.)

Kuailu Company	refers to	Jiangsu Kuailu Motor Transport Co., Ltd.
Suzhou Expressway Company	refers to	Suzhou Expressway Management Company Limited
Yangtze Bridge Company	refers to	Jiangsu Yangtze Bridge Co., Ltd.
Hutong Bridge Company	refers to	Jiangsu Hutong Bridge Co., Ltd.
Finance Company	refers to	Jiangsu Communications Holding Group Finance Co., Ltd.
Communication and Media Company	refers to	Jiangsu Communications & Culture Media Company Limited
Digital Research Institute	refers to	Jiangsu Traffic Control Digital Transportation Research Institute Co., Ltd.
Sundian or Xiandai R&B Company	refers to	Jiangsu Sundian Road & Bridge Co., Ltd.
Network Operation Company	refers to	Jiangsu Expressway Network Operation and Management Co., Ltd.
Bank of Jiangsu	refers to	Bank of Jiangsu Co., Ltd.
Zijin Trust Company	refers to	Zijin Trust Co., Ltd.
Yichang Company	refers to	Jiangsu Yichang Expressway Co., Ltd.
Changyi Company	refers to	Jiangsu Changyi Expressway Co., Ltd.
Suxichang South Expressway Company	refers to	Jiangsu Suxichang South Expressway Co., Ltd.
Nanlin Hotel Company	refers to	Suzhou Nanlin Hotel Co., Ltd.
Yanjiang Company	refers to	Jiangsu Yanjiang Expressway Co., Ltd.
Jiangsu Leasing Company	refers to	Jiangsu Financial Leasing Co., Ltd.

Railway Group Company	refers to	Jiangsu Railway Group Limited
Tongxingbao Company	refers to	Jiangsu Tongxingbao Smart Transport Technology Co., Ltd.
Jinghu Company	refers to	Jiangsu Jinghu Expressway Company Limited
Expressway Petroleum Company, Expressway Energy Company	refers to	Jiangsu Freeway Petroleum Development Co., Ltd. (formerly known as Jiangsu Expressway Petroleum Development Co., Ltd.)
Taixing Oil Products Company	refers to	Taixing Hechang Oil Products Trading Co., Ltd.
Far East Shipping Company	refers to	Jiangsu Far East Shipping Co., Ltd.
Information Company	refers to	Jiangsu Expressway Information Engineering Co.,Ltd.
Maintenance Technology Company	refers to	Jiangsu Expressway Engineering Maintenance Technology Co., Ltd.
Engineering Maintenance Company	refers to	Jiangsu Expressway Engineering Maintenance Company Limited
Human Resources Company	refers to	Jiangsu Communications Holding Human Resources Development Co., Ltd.
East Road & Bridge Company	refers to	Jiangsu East Road & Bridge Construction Maintenance Co., Ltd.
Communications Holding Commercial Operation Company	refers to	Jiangsu Communications Holding Commercial Operation Management Co., Ltd.
Xitai Company	refers to	Jiangsu Xitai Tunnel Company Limited

Cuipingshan Hotel	refers to	Jiangsu Cuipingshan Hotel Management Co., Ltd.
Luode Fund Company	refers to	Jiangsu Luode Equity Investment Fund Management Company Limited
Zhongbei Zhiyuan Fund	refers to	Nanjing Luode Zhongbei Zhiyuan Equity Investment Partnership (Limited Partnership)
Luode Huizhi Fund	refers to	Nanjing Luode Huizhi Equity Investment Partnership (Limited Partnership)
Ninghang Company	refers to	Jiangsu Ninghang Expressway Co., Ltd.
Ninghang Cultural Tourism Company	refers to	Jiangsu Ninghang Cultural Tourism Development Co., Ltd.
Husuzhe Company	refers to	Jiangsu Husuzhe Expressway Co., Ltd.
Huatong Engineering Company	refers to	Jiangsu Huatong Engineering Testing Co., Ltd.
Sutong Bridge Company	refers to	Jiangsu Sutong Bridge Co., Ltd.
Sundian Testing Company	refers to	Jiangsu Sundian Engineering Testing Co., Ltd.
Micro Video Company	refers to	Nanjing Micro Video Technology Company Limited
Tongchang Real Estate Investment Company	refers to	Jiangsu Tongchang Real Estate Investment Co., Ltd.
CDB Kai Yuan Phase II Fund	refers to	Suzhou Industrial Park CDB Kai Yuan Investment Centre Phase II (Limited Partnership)
PPP	refers to	Public – Private – Partnership, which is a mode of cooperation between the government and social capital

Shanghai-Nanjing Expressway	refers to	Jiangsu Section of Shanghai-Nanjing Expressway
Guangjing Expressway	refers to	Northern connection of Guangling-Jingjiang Section, Jiangyin Yangtze Bridge
Xicheng Expressway	refers to	Southern connection of Jiangyin-Wuxi Section, Jiangyin Yangtze Bridge
Jiangyin Bridge	refers to	Jiangyin Yangtze Bridge
Sujiahang Expressway	refers to	Jiangsu Section of Suzhou-Jiaxing-Hangzhou Expressway
Yanjiang Expressway	refers to	Changzhou-Taicang Expressway
Changjia Expressway	refers to	Kunshan-Wujiang Section of Changshu-Jiaxing Expressway
Zhendan Expressway	refers to	Zhenjiang-Danyang Expressway
Ningchang Expressway	refers to	Lishui Guizhuang Hub-Changzhou South Interchange Expressway
Zhenli Expressway	refers to	Dantu Hub-Liyang Qianma Hub Expressway
Xiyi Expressway	refers to	Wuxi North Hub–Yixing Xiwu Hub Expressway
Wuxi Huantaihu Expressway	refers to	Wuxi Shuofang Hub–Wuxi Nanquan Interchange Expressway
Wufengshan Bridge	refers to	Wufengshan Toll Bridge and North-South Connection Project
Changyi Expressway	refers to	Changzhou-Yixing Expressway
Yichang Expressway	refers to	Jiangsu Section of Yixing–Changxing Expressway
Suxichang Expressway	refers to	Changzhou Qianhuang Hub–Wuxi Nanquanshui Hub

Longtan Bridge North Connection Project	refers to	The project of Shanghai-Shaanxi Expressway of Yizheng-Lukou Airport Expressway to the North Embankment Section of Yangtze River
Xiyi Expressway South Section Widening Project	refers to	The widening project of Xueyan Hub-Xiwu Hub section of Wuxi-Yixing Expressway
Xitai Project	refers to	Wuxi-Suzhou Section of the Wuxi-Taicang Expressway
Infrastructure Public REITs	refers to	A standardized financial product that raises funds from public investors to form fund assets under the law, holds infrastructure projects through special purpose vehicles such as infrastructure asset-backed securities, actively managed and operated by fund managers and others, with the vast majority of generated returns distributed to investors
Reporting Period	refers to	The period from 1 January 2023 to 31 December 2023
Year-on-year	refers to	As compared with the same period of 2022
CSRC	refers to	China Securities Regulatory Commission
SFC	refers to	The Securities and Futures Commission of Hong Kong
SSE	refers to	Shanghai Stock Exchange
Stock Exchange	refers to	The Stock Exchange of Hong Kong Limited
A Shares	refers to	RMB-denominated ordinary shares issued by the Company and listed on the SSE
H Shares	refers to	Overseas-listed foreign shares issued by the Company and listed on the Stock Exchange
ADR	refers to	Level 1 depositary receipts of the Company listed and traded in the over-the-counter market of the United States

Listing Rules	refers to	Listing Rules of the SSE and/or Hong Kong Listing Rules
Listing Rules of SSE	refers to	Rules Governing the Listing of Stocks on Shanghai Stock Exchange
Hong Kong Listing Rules	refers to	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
PRC Accounting Standards	refers to	Accounting Standards for Business Enterprises and the relevant provisions promulgated by the Ministry of Finance of the People's Republic of China
KPMG or Auditors	refers to	KPMG Huazhen LLP
Corporate Governance Code	refers to	The Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules

By Order of the Board
Yao Yongjia
Company Secretary

Nanjing, the PRC, 29 March 2024

As at the date of this announcement, the Directors of the Company are:

Chen Yunjiang, Xu Haibei, Wang Yingjian, Wang Feng, Yao Yongjia, Wu Xinhua, Li Xiaoyan, Ma Chung Lai, Lawrence, Zhou Shudong, Liu Xiaoxing*, Yu Mingyuan*, Xu Guanghua*, Ge Yang**

* *Independent non-executive Director*