

Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited

(Incorporated in the People's Republic of China with
limited liability)

Accountants' Report
for the years ended 31 December 2021, 2022 and
2023 and eight months ended 31 August 2024



Independent auditor's report
to the directors of Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited
(incorporated in Chinese Mainland with limited liability)

Opinion

We have audited the financial statements of Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited ("the GSZ Company") set out on pages 4 to 44, which comprise the statements of financial position as at 31 December 2021, 2022, 2023 and 31 August 2024, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the years ended 31 December 2021, 2022 and 2023 and the eight months ended 31 August 2024 and notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the GSZ Company as at 31 December 2021, 2022, 2023 and 31 August 2024 and of its financial performance and its cash flows for each of the years ended 2021, 2022 and 2023 and the eight months ended 31 August 2024 in accordance with the basis of preparation and presentation set out in note 1 to the financial statements.

Basis for opinion

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

Emphasis of Matter – Basis of Preparation and Presentation

We draw attention to note 1 to the financial statements, which describes the basis of preparation and presentation. The financial statements are prepared for the purpose of the preparation of a circular by the directors of the Shenzhen Investment Holdings Bay Area Development Company Limited in connection with the capital contribution to the GSZ Company. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other matter

We draw attention to the fact that the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the eight months ended 31 August 2023 and any of the related notes have not been audited.

Responsibilities of the directors of the GSZ Company for the financial statements

The directors of the GSZ Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the financial statements and for such internal control as the directors of the GSZ Company determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the GSZ Company.



- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the GSZ Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

KPMG Huashan LLP Shenzhen Branch

15th Floor
China Resources Tower
2666 Keyuan South Road
Nanshan District
Shenzhen 518052
China

28 February 2025

Statements of profit or loss and other comprehensive income

(Expressed in RMB)

	Note	Year ended 31 December			Eight months ended 31 August	
		2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000 (unaudited)	2024 RMB'000
Revenue	4	2,914,882	2,310,875	3,971,939	2,001,272	2,029,607
Cost of sales		(1,245,261)	(1,220,508)	(1,928,277)	(964,188)	(848,272)
Gross profit		1,669,621	1,090,367	2,043,662	1,037,084	1,181,335
Other income	5	38,562	31,220	39,214	14,759	53,225
Other net gain/(loss)		243,491	216,947	(35,911)	(57,084)	27,133
Administrative expenses		(67,469)	(70,333)	(74,732)	(41,831)	(40,523)
Research and development costs		(11,867)	(15,378)	(7,508)	(3,045)	(1,881)
Finance costs	6(b)	(84,254)	(87,438)	(147,440)	(96,535)	(89,023)
Profit before taxation	6	1,788,084	1,165,385	1,817,285	853,348	1,130,266
Income tax	7	(433,637)	(294,738)	(457,090)	(217,642)	(283,751)
Profit and total comprehensive income for the year/period		1,354,447	870,647	1,360,195	635,706	846,515

The accompanying notes form part of the Historical Financial Information.

Statements of financial position

(Expressed in RMB)

		As at 31 December			As at 31 August
Note	2021	2022	2023	2024	
	RMB'000	RMB'000	RMB'000	RMB'000	
Non-current assets					
Property, plant and equipment	8	449,745	365,772	310,415	246,571
Right-of-use assets		2,170	988	5,166	7,142
Construction in progress		-	453	382	382
Concession intangible assets	9	5,462,841	4,925,157	5,125,565	4,718,167
Other intangible assets		7,506	5,824	4,290	3,440
Other non-current assets	10	-	-	58,808	368,396
		<u>5,922,262</u>	<u>5,298,194</u>	<u>5,504,626</u>	<u>5,344,098</u>
Current assets					
Inventories		-	-	876	719
Trade and other receivables	11	201,961	407,525	368,221	366,340
Cash and cash equivalents	12	556,446	819,822	776,265	1,390,832
		<u>758,407</u>	<u>1,227,347</u>	<u>1,145,362</u>	<u>1,757,891</u>
Total assets		<u>6,680,669</u>	<u>6,525,541</u>	<u>6,649,988</u>	<u>7,101,989</u>
Non-current liabilities					
Lease liabilities		1,024	811	590	2,580
Bank loans	14	2,751,178	2,365,793	2,031,725	1,595,962
Resurfacing obligations	15	485,419	513,650	-	-
Deferred income	16	324,050	317,637	305,949	389,842
Deferred tax liabilities	17	98,924	38,046	126,160	122,452
Other non-current liabilities		24,334	25,976	27,729	28,936
		<u>3,684,929</u>	<u>3,261,913</u>	<u>2,492,153</u>	<u>2,139,772</u>

Statements of financial position (continued)

(Expressed in RMB)

Note	As at 31 December			As at 31 August
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
Current liabilities				
Trade and other payables	13	506,239	850,988	439,711
Lease liabilities		1,186	1,208	4,675
Bank loans	14	254,740	609,447	607,510
Tax payables		115,446	216,941	400,700
		877,611	1,678,584	1,452,596
Total liabilities		4,562,540	4,940,497	3,944,749
Capital and reserves				
Paid-in capital	18(a)	-	-	-
Reserves		2,118,129	1,585,044	2,705,239
Total equity		2,118,129	1,585,044	2,705,239
Total equity and liabilities		6,680,669	6,525,541	6,649,988

The financial statements on pages 4 to 44 were approved and authorised for issue by the Board of Directors on 28 February 2025 and are signed on its behalf by:



Weile Chen
Legal Representative



Hanzhang Qiu
The person in-charge of
accounting affairs



Qiufu Song
The head of the accounting
department



The accompanying notes form part of the Historical Financial Information.

Statements of changes in equity

(Expressed in RMB)

	Note	Paid-in capital RMB'000 Note 18(a)	Statutory reserve RMB'000 Note 18(b)	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2021		-	237,358	2,115,558	2,352,916
Changes in equity for the year ended 31 December 2021					
- Profit and total comprehensive income for the year		-	-	1,354,447	1,354,447
- Dividends declared	18(c)	-	-	(1,589,234)	(1,589,234)
Balance at 31 December 2021 and 1 January 2022		-	237,358	1,880,771	2,118,129
Changes in equity for the year ended 31 December 2022					
- Profit and total comprehensive income for the year		-	-	870,647	870,647
- Dividends declared	18(c)	-	-	(1,403,732)	(1,403,732)
Balance at 31 December 2022 and 1 January 2023		-	237,358	1,347,686	1,585,044
Changes in equity for the year ended 31 December 2023					
- Profit and total comprehensive income for the year		-	-	1,360,195	1,360,195
- Dividends declared	18(c)	-	-	(240,000)	(240,000)
Balance at 31 December 2023		-	237,358	2,467,881	2,705,239

Statements of changes in equity (continued)

(Expressed in RMB)

	Note	Paid-in capital RMB'000 Note 18(a)	Statutory reserve RMB'000 Note 18(b)	Retained profits RMB'000	Total RMB'000
Balance at 31 December 2022 and 1 January 2023		-	237,358	1,347,686	1,585,044
Changes in equity for the period ended 31 August 2023					
- Profit and total comprehensive income for the period (unaudited)		-	-	635,706	635,706
- Dividends declared (unaudited)	18(c)	-	-	(240,000)	(240,000)
Balance at 31 August 2023 (unaudited)		-	237,358	1,743,392	1,980,750
Balance at 31 December 2023 and 1 January 2024		-	237,358	2,467,881	2,705,239
Changes in equity for the period ended 31 August 2024					
- Profit and total comprehensive income for the period		-	-	846,515	846,515
Balance at 31 August 2024		-	237,358	3,314,396	3,551,754

The accompanying notes form part of the Historical Financial Information.

Statements of cash flows

(Expressed in RMB)

	Year ended 31 December			Eight months ended 31 August	
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000 (unaudited)	2024 RMB'000
Operating activities					
Profit before taxation	1,788,084	1,165,385	1,817,285	853,348	1,130,266
Adjustments for:					
Depreciation of property, plant and equipment	95,212	99,044	98,205	65,879	65,459
Depreciation of right-of-use assets	2,145	1,182	3,518	146	3,078
Amortisation of concession intangible assets and other intangible assets	734,444	665,927	862,919	579,687	499,554
Loss/(gain) on disposal of property, plant and equipment	2,821	(2,242)	(4,844)	166	(36,444)
Increase/(decrease) in resurfacing obligations	31,864	28,231	(513,650)	19,454	-
Net exchange (gain)/loss	(55,729)	221,536	33,351	55,978	12,035
Net gain on disposal of land	-	(313,780)	-	-	-
(Reversals of)/impairment loss on trade and other receivables	(362)	-	3,036	-	-
Net finance costs	84,254	87,438	147,440	96,535	89,023
Changes in working capital:					
(Increase)/decrease in inventories	-	-	(876)	(924)	157
(Increase)/decrease in trade and other receivables	(132,006)	132,247	(123,337)	(60,279)	16,908
Increase/(decrease) in trade and other payables	6,954	(90,822)	83,263	(9,277)	(64,598)
(Decrease)/increase in deferred income	(6,413)	(6,413)	(11,688)	(4,276)	83,893
Cash generated from operations	2,551,268	1,987,733	2,394,622	1,596,437	1,799,331
Tax paid	(483,173)	(254,121)	(187,129)	(134,123)	(327,547)
Net cash generated from operating activities	2,068,095	1,733,612	2,207,493	1,462,314	1,471,784
Investing activities					
Payment for purchases of property, plant and equipment, construction in progress and intangible assets	(263,867)	(221,743)	(1,135,747)	(123,791)	(419,344)
Proceeds from disposal of property, plant and equipment	4,402	130,907	43,982	38,944	3,988
Payment off guarantee deposits for toll road construction	(7,658)	(50,828)	(372)	(366)	(7)
Return of guarantee deposits for toll road construction	12,374	9,203	2,089	282	5,852
Net cash used in investing activities	(254,749)	(132,461)	(1,090,048)	(84,931)	(409,511)
Financing activities					
Proceeds from new bank loans	-	2,126,606	-	-	-
Repayment of bank loans	(574,121)	(2,380,830)	(368,841)	(183,234)	(375,044)
Interest paid on bank loans	(83,302)	(83,308)	(145,910)	(71,244)	(69,414)
Dividends paid	(1,589,234)	(1,000,000)	(643,732)	(643,732)	-
Capital element of lease rentals paid	(115)	(191)	(2,318)	(228)	(3,147)
Interest element of lease rentals paid	(133)	(57)	(204)	(20)	(101)
Net cash used in financing activities	(2,246,905)	(1,337,780)	(1,161,005)	(898,458)	(447,706)
Net (decrease)/increase in cash and cash equivalents	(433,559)	263,371	(43,560)	478,925	614,567
Cash and cash equivalents at 1 January	990,006	556,446	819,822	819,822	776,265
Effect of foreign exchanges rates changes	(1)	5	3	2	-
Cash and cash equivalents at 31 December/31 August	556,446	819,822	776,265	1,298,749	1,390,832

The accompanying notes form part of the Historical Financial Information.

Notes to the Historical Financial Information

(Expressed in RMB unless otherwise indicated)

1 Basis of preparation and presentation of Historical Financial Information

Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited (the “GSZ Company”) (廣深珠高速公路有限公司) is a limited liability company incorporated in the People’s Republic of China (the “PRC”). The GSZ Company is principally engaged in construction, operation and management of the Beijing-Hong Kong-Macao Expressway (Guangzhou to Shenzhen section) in the PRC.

The GSZ Company’s functional currency and presentation currency are Renminbi (“RMB”).

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standards Board (“IASB”). Material accounting policy information adopted by the GSZ Company are disclosed in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the GSZ Company has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 24.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

The statutory financial statements of the GSZ Company were prepared in accordance with the Accounting Standards for Business Enterprises (the “PRC GAAP”) for the years ended 31 December 2021, 2022 and 2023 and audited by Shu Lun Pan Certified Public Accountants LLP Guangdong Branch (“Shu Lun Pan”) (立信會計師事務所 (特殊普通合夥) 廣東分所), Shu Lun Pan and Zhongshen Zhonghuan Certified Public Accountants LLP Guangdong Branch (中審眾環會計師事務所 (特殊普通合夥) 廣東分所) respectively.

2 Material accounting policy information

(a) Going concern assessment

The directors of the GSZ Company have, as of the date of this report, a reasonable expectation that the GSZ Company has adequate resources (including but not limited to future operating cash flow and unused and estimated amount of bank facilities to be obtained) to continue in operational existence for the foreseeable future. Thus the GSZ Company continues to adopt the going concern basis of accounting in preparing the Historical Financial Information.

(b) Basis of measurement

The Historical Financial Information have been prepared on the historical cost basis, which is generally based on the fair value of the consideration given in exchange for goods and services.

(c) Property, plant and equipment

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

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

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

Depreciation is calculated to write-off the cost or valuation of items of property and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

The estimated useful life of the asset

Land and buildings	30 years
Furniture, fixtures and equipment	5-10 years
Transportation equipment	5-10 years
Others	5 years

(d) Construction in progress

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

(e) Concession intangible assets

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

Concession intangible assets refer to the rights granted by the respective concession grantors, which entitle the GSZ Company to receive the toll fees from users. When the GSZ Company has a right to charge for usage of concession infrastructure (as a consideration for providing construction service in a service concession arrangement), it recognises an intangible asset at fair value upon initial recognition. The concession intangible assets of the toll road that the GSZ Company has delivered but not yet completed the final settlement account are temporarily estimated based on the book value of the toll road project. When the final account is completed, the book value will be adjusted to the actual value.

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

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

(f) Revenue from contracts with customers

The GSZ Company is the principal for its revenue transactions and recognises revenue on a gross basis. In determining whether the GSZ Company acts as a principal or as an agent, it considers whether it obtains control of the goods or services before they are transferred to the customers. Control refers to the GSZ Company's ability to direct the use of and obtain substantially all of the remaining benefits from the goods or services.

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

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

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

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

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

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

During the construction period, the construction service provided by the GSZ Company shall be regarded as the performance obligations performed over time using the input method. Under the input method, the progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the GSZ Company's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the GSZ Company's performance in transferring control of goods or services.

(g) *Borrowing costs*

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

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

(h) *Leases*

Definition of a lease

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

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

(i) The GSZ Company as a lessee

Short-term leases

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

Right-of-use asset

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability; and
- any initial direct costs incurred by the GSZ Company.

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

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

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

Lease liability

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

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

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

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

Lease modifications

The GSZ Company accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

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

(ii) The GSZ Company as a lessor

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

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

(i) Cash and cash equivalents

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

- (i) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (ii) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(j) Inventories

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

(k) Government grants

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

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

Government grants relating to the addition of property, plant and equipment or intangible assets are included in non-current liabilities as deferred government grants and are credited to the statements of profit or loss on a systematic basis over the expected lives of the related assets.

(l) Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

(m) Retirement benefit costs

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

(n) Short-term employee benefits

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

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

(o) Taxation

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

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

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

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

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

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

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

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

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

(p) Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

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

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost is measured at FVTPL.

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

Impairment of financial assets

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

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

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

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

Significant increase in credit risk

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

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

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

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

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

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

Definition of default

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

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

Credit-impaired financial assets

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

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

Write-off policy

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

Measurement and recognition of ECL

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

Derecognition of financial assets

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

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

Financial liabilities

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

Financial guarantee contracts

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

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

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

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

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

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

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

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

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

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

(r) *Resurfacing obligations*

Resurfacing obligations are recognised when the GSZ Company's legal or constructive obligations has arisen as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, resurfacing obligations provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a resurfacing obligation is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the resurfacing obligation.

(s) *Segment reporting*

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the GSZ Company's chief operating maker for the purposes of allocating resources to, and assessing the performance of, the GSZ Company's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the GSZ Company's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

(i) Amortisation of concession intangible assets

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

In view of that the actual traffic volume of the Beijing-Hong Kong-Macao Expressway (Guangzhou to Shenzhen section) differs from the projected traffic volume in recent years and may last for further periods, the GSZ Company appoints independent professional traffic consultants to reassess the projected traffic volume for the Beijing-Hong Kong-Macao Expressway (Guangzhou to Shenzhen section). The GSZ Company has adjusted the units-of-usage for the Beijing-Hong Kong-Macao Expressway (Guangzhou to Shenzhen section) according to the revised total projected traffic volume since 1 November 2023. Such change in accounting estimate has resulted in an increase in profit after tax of the GSZ Company of RMB25,489,000 for the year ended 31 December 2023 and affects the amortisation charges of the GSZ Company in the future.

(ii) Resurfacing obligations

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

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

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

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

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

Considering the Beijing-Hong Kong-Macao Expressway (Guangzhou to Shenzhen section) reconstruction and expansion project, the GSZ Company appointed independent professional toll road experts to perform studies and concluded resurfacing works would not be undertaken over the remaining period of the existing concession rights. Therefore, the resurfacing obligations of the GSZ Company of RMB540,142,000 was reversed and resulted in an increase in profit after tax of the GSZ Company of RMB405,107,000 for the year ended 31 December 2023.

4 Revenue

	Year ended 31 December			Eight months ended 31 August	
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000 (unaudited)	2024 RMB'000
Revenue from contracts with customers within the scope of IFRS 15					
Toll revenue	2,865,690	2,258,022	2,892,203	1,925,174	1,924,142
Construction revenue	-	21,585	1,048,476	58,180	74,997
Others	49,192	31,268	31,260	17,918	30,468
	<u>2,914,882</u>	<u>2,310,875</u>	<u>3,971,939</u>	<u>2,001,272</u>	<u>2,029,607</u>

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

During the Track Record Period, the GSZ Company is principally engaged in construction, operation and management of the Beijing-Hong Kong-Macao Expressway (Guangzhou to Shenzhen section) and all of the revenue were derived in the Chinese Mainland. The chief operating maker reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the GSZ Company's chief operating maker regards that there is only one segment which is used to make strategic decisions.

No geographical segment analysis is shown as all of the GSZ Company's revenue are derived from activities in, and from customers located in the Chinese Mainland and all of the GSZ Company's assets are situated in the Chinese Mainland.

5 Other income

	Year ended 31 December			Eight months ended 31 August	
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000 (unaudited)	2024 RMB'000
Government subsidies (Note)	15,814	8,200	11,730	4,318	43,553
Interest income on time deposits	22,748	23,020	27,484	10,441	9,672
	<u>38,562</u>	<u>31,220</u>	<u>39,214</u>	<u>14,759</u>	<u>53,225</u>

Note:

The amounts mainly represent the subsidies from local government authorities for certain reconstruction and expansion projects (Note 16).

6 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	Year ended 31 December			Eight months ended 31 August	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
(a) Staff costs					
Directors' emoluments	461	440	457	356	215
Other staff costs	274,663	282,382	294,002	171,063	167,146
	<u>275,124</u>	<u>282,822</u>	<u>294,458</u>	<u>171,419</u>	<u>167,361</u>
(b) Finance costs					
Interest on bank loans	84,121	87,381	147,236	96,515	88,922
Interest on lease liabilities	133	57	204	20	101
	<u>84,254</u>	<u>87,438</u>	<u>147,440</u>	<u>96,535</u>	<u>89,023</u>
(c) Other items					
Depreciation of right-of-use-assets	2,145	1,182	3,518	146	3,078
Depreciation of property, plant and equipment	95,212	99,044	98,205	65,879	65,459
Amortisation of concession intangible assets and other intangible assets	734,444	665,927	862,919	579,687	499,554
Net exchange (gain)/loss (Note (i))	(52,502)	221,777	38,463	57,377	19,804
Auditor's remuneration	108	128	128	128	137
Compensation income from Guangzhou Zhentong Development Company Limited ("Guangzhou Zhentong") (廣州臻通實業發展有限公司) (Notes (i) and (ii))	(182,233)	(120,845)	-	-	(8,330)
Loss/(gain) on disposal of property, plant and equipment (Note (i))	2,821	(2,242)	(4,844)	166	(36,444)
Gain on disposal of land (Notes (i) and (iii))	-	(313,780)	-	-	-

Notes:

- (i) These items are included in other net gain/(loss) in the statements of profit or loss and other comprehensive income.
- (ii) The amounts represent compensation income in respect of the impact to traffic flow due to certain renovation projects carried by Guangzhou Zhentong, an entity jointly controlled by the shareholders of the GSZ Company.
- (iii) During the year ended 31 December 2022, a sale and purchase agreement of land was entered into by the GSZ Company and the local government. The GSZ Company disposed of certain land with a carrying amount RMB5,566,000 to the local government at a total consideration of RMB319,346,000 and the legal title of the land was transferred to local government in December 2022, resulting in a gain on disposal of RMB235,335,000 (net of tax).

7 Income tax

	<i>Year ended 31 December</i>			<i>Eight months ended 31 August</i>	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current tax					
- Corporate Income Tax	473,407	355,616	368,976	250,399	287,459
Deferred tax (Note 17)	(39,770)	(60,878)	88,114	(32,757)	(3,708)
	<u>433,637</u>	<u>294,738</u>	<u>457,090</u>	<u>217,642</u>	<u>283,751</u>

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the GSZ Company is 25% from 1 January 2008 onwards.

The reconciliation between income tax expense and profit before tax in the statements of profit or loss and other comprehensive income is set out below:

	<i>Year ended 31 December</i>			<i>Eight months ended 31 August</i>	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before taxation	<u>1,788,084</u>	<u>1,165,385</u>	<u>1,817,285</u>	<u>853,348</u>	<u>1,130,266</u>
CIT for current year/period					
-Tax calculated at PRC statutory income tax rate of 25%	447,021	291,346	454,321	213,337	282,567
-Tax effect of non-deductible expenses	5,364	7,454	3,800	3,459	1,146
-Reversal of previously recognised temporary differences	(18,959)	-	-	-	-
-Adjustment for research and development expenses	-	(4,079)	(1,031)	846	38
Under-provision in prior years	<u>211</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income tax expense	<u>433,637</u>	<u>294,738</u>	<u>457,090</u>	<u>217,642</u>	<u>283,751</u>

8 Property, plant and equipment

	<i>Land and buildings</i> RMB'000	<i>Furniture, fixtures and equipment</i> RMB'000	<i>Transportation equipment</i> RMB'000	<i>Others</i> RMB'000	<i>Total</i> RMB'000
Cost					
At 1 January 2021	206,486	945,216	64,210	45,812	1,261,724
Additions	6,410	47,158	2,970	5,690	62,228
Disposals	-	(31,655)	(14,500)	(1,114)	(47,269)
At 31 December 2021 and 1 January 2022	212,896	960,719	52,680	50,388	1,276,683
Additions	-	19,477	-	2,850	22,327
Disposals	(28,931)	(11,965)	(16,675)	(1,861)	(59,432)
Adjustments	(172)	-	163	-	(9)
At 31 December 2022 and 1 January 2023	183,793	968,231	36,168	51,377	1,239,569
Additions	2,576	34,567	4,426	1,702	43,271
Disposals	-	(6,640)	(2,522)	(730)	(9,892)
At 31 December 2023 and 1 January 2024	186,369	996,158	38,072	52,349	1,272,948
Additions	-	1,475	-	508	1,983
Disposals	-	(5,628)	(75)	(972)	(6,675)
At 31 August 2024	186,369	992,005	37,997	51,885	1,268,256
Accumulated depreciation					
At 1 January 2021	94,552	592,169	51,675	31,247	769,643
Charge for the year	16,840	73,599	2,543	2,230	95,212
Write back on disposals	-	(23,237)	(13,649)	(1,031)	(37,917)
At 31 December 2021 and 1 January 2022	111,392	642,531	40,569	32,446	826,938
Charge for the year	17,517	73,448	2,310	5,769	99,044
Write back on disposals	(23,365)	(11,367)	(15,688)	(1,765)	(52,185)
At 31 December 2022 and 1 January 2023	105,544	704,612	27,191	36,450	873,797
Charge for the year	17,628	74,289	2,145	4,143	98,205
Write back on disposals	-	(6,383)	(2,396)	(690)	(9,469)
At 31 December 2023 and 1 January 2024	123,172	772,518	26,940	39,903	962,533
Charge for the period	12,226	48,642	1,825	2,766	65,459
Write back on disposals	-	(5,341)	(72)	(894)	(6,307)
At 31 August 2024	135,398	815,819	28,693	41,775	1,021,685
Net book value					
At 31 December 2021	101,504	318,188	12,111	17,942	449,745
At 31 December 2022	78,249	263,619	8,977	14,927	365,772
At 31 December 2023	63,197	223,640	11,132	12,446	310,415
At 31 August 2024	50,971	176,186	9,304	10,110	246,571

9 Concession intangible assets

RMB'000

Cost

As at 1 January 2021	15,816,130
Additions	189,564
Disposals	<u>(19,939)</u>
At 31 December 2021 and 1 January 2022	15,985,755
Additions	127,295
Disposals	<u>(14,365)</u>
At 31 December 2022 and 1 January 2023	16,098,685
Additions	1,061,797
Disposals	<u>(7,715)</u>
At 31 December 2023 and 1 January 2024	17,152,767
Additions	94,375
Disposals	<u>(18,151)</u>
At 31 August 2024	<u>17,228,991</u>

Accumulated depreciation

As at 1 January 2021	9,809,079
Charge for the year	732,797
Disposals	<u>(18,962)</u>
At 31 December 2021 and 1 January 2022	10,522,914
Charge for the year	664,235
Disposals	<u>(13,621)</u>
At 31 December 2022 and 1 January 2023	11,173,528
Charge for the year	861,377
Disposals	<u>(7,703)</u>
At 31 December 2023 and 1 January 2024	12,027,202
Charge for the period	498,704
Disposals	<u>(15,082)</u>
At 31 August 2024	<u>12,510,824</u>

Carrying amounts

At 31 December 2021	<u>5,462,841</u>
At 31 December 2022	<u>4,925,157</u>
At 31 December 2023	<u>5,125,565</u>
At 31 August 2024	<u>4,718,167</u>

9 Concession intangible assets (continued)

Concession intangible assets represent the rights to operate the Beijing-Hong Kong-Macao Expressway (Guangzhou to Shenzhen section) granted by the relevant local government authorities in the PRC to the GSZ Company.

In accordance with the relevant governments' approval documents and the relevant regulations, the GSZ Company is responsible for the construction of the toll roads and the purchase of the related facilities and equipment. The GSZ Company is also responsible for the operations and management, maintenance and overhaul of the toll roads during the approved operating period. The toll fees collected and collectible during the operating period are attributable to the GSZ Company. The relevant toll roads assets are required to be returned to the local government authorities when the operating rights periods expire without any consideration payable to the GSZ Company. According to the relevant regulations, the operating right is generally not renewable and the GSZ Company does not have any termination options.

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

With the economic development and the increase in car ownership in Guangdong Province, the traffic flow on the Beijing-Hong Kong-Macao Expressway (Guangzhou to Shenzhen section) has been nearly saturated and the Beijing-Hong Kong-Macao Expressway (Guangzhou to Shenzhen section) reconstruction and expansion project ("the project") are required. The project will be divided into two sections, the reconstruction and expansion project of the Guangzhou Huocun to Dongguan Chang'an section of the Beijing-Hong Kong-Macao Expressway and Guangzhou Huangcun to Guangzhou Huocun section of the Guangzhou-Foshan Expressway and the reconstruction and expansion project of the Dongguan Chang'an to Shenzhen Huanggang section of the Beijing-Hong Kong-Macao Expressway. Among which, the reconstruction and expansion project of the Guangzhou Huocun to Dongguan Chang'an section of the Beijing-Hong Kong-Macao Expressway and Guangzhou Huangcun to Guangzhou Huocun section of the Guangzhou-Foshan Expressway was approved by the Guangdong Provincial Development and Reform Commission in 2023 and expansion work has been commenced by end of 2023. At present, it is expected that the total investment of this section will be about RMB29.4 billion. As of the date of this report, the feasibility study report for the reconstruction and expansion project of the Dongguan Chang'an Shenzhen Huanggang section of the Beijing-Hong Kong-Macao Expressway has been revised and submitted to the Provincial Department of Transport.

10 Other non-current assets

	<i>As at 31 December</i>			<i>As at 31 August</i>
	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
	RMB'000	RMB'000	RMB'000	RMB'000
Deductible value-added tax	-	-	13,459	16,085
Prepayments of construction	-	-	45,349	352,311
	-	-	58,808	368,396

11 Trade and other receivables

	<i>As at 31 December</i>			<i>As at 31 August</i>
	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	43,983	46,773	61,558	53,934
Consideration receivables for disposal of land (Note 6 (iii))	-	192,551	192,551	192,551
Compensation receivables from Guangzhou Zhentong (Note 6(ii))	90,468	60,420	57,274	65,854
Advance for toll road projects	50,817	83,372	52,061	50,011
Others	16,693	24,409	4,777	3,990
	<u>201,961</u>	<u>407,525</u>	<u>368,221</u>	<u>366,340</u>

As at 31 December 2021, 2022 and 2023 and 31 August 2024, entire balances of trade receivables are pledged to banks to secure bank facilities granted by the bank.

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

	<i>As at 31 December</i>			<i>As at 31 August</i>
	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
	RMB'000	RMB'000	RMB'000	RMB'000
Within 30 days	43,983	46,773	60,658	53,934
Over 30 days	-	-	900	-
	<u>43,983</u>	<u>46,773</u>	<u>61,558</u>	<u>53,934</u>

Trade receivables are due within 30 days from the revenue recognition date.

12 Cash and cash equivalents and other cash flow information

(a) Cash and cash equivalents comprise:

	<i>As at 31 December,</i>			<i>As at 31 August,</i>
	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank	<u>556,446</u>	<u>819,822</u>	<u>776,265</u>	<u>1,390,832</u>

12 Cash and cash equivalents and other cash flow information (continued)

(b) Reconciliation of liabilities arising from financing activities:

	Bank loans RMB'000	Lease liabilities RMB'000	Dividend payable RMB'000	Total RMB'000
At 1 January 2021	3,636,532	-	-	3,636,532
Changes from financing cash flows:				
Repayment of bank loans	(574,121)	-	-	(574,121)
Interest paid on bank loans	(83,302)	-	-	(83,302)
Dividend paid	-	-	(1,589,234)	(1,589,234)
Capital element of lease rentals paid	-	(115)	-	(115)
Interest element of lease rentals paid	-	(133)	-	(133)
Total changes from financing cash flows	(657,423)	(248)	(1,589,234)	(2,246,905)
Other changes:				
Dividend declared	-	-	1,589,234	1,589,234
Interest expenses (Note 6)	84,121	133	-	84,254
New lease entered	-	2,325	-	2,325
Exchange difference	(57,312)	-	-	(57,312)
Total other changes	26,809	2,458	1,589,234	1,618,501
At 31 December 2021	3,005,918	2,210	-	3,008,128
	<i>Bank loans</i> RMB'000	<i>Lease liabilities</i> RMB'000	<i>Dividend payable</i> RMB'000	<i>Total</i> RMB'000
At 1 January 2022	3,005,918	2,210	-	3,008,128
Changes from financing cash flows:				
Proceeds from new bank loans	2,126,606	-	-	2,126,606
Repayment of bank loans	(2,380,830)	-	-	(2,380,830)
Interest paid on bank loans	(83,308)	-	-	(83,308)
Dividend paid	-	-	(1,000,000)	(1,000,000)
Capital element of lease rentals paid	-	(191)	-	(191)
Interest element of lease rentals paid	-	(57)	-	(57)
Total changes from financing cash flows	(337,532)	(248)	(1,000,000)	(1,337,780)
Other changes:				
Dividend declared	-	-	1,403,732	1,403,732
Interest expenses (Note 6)	87,381	57	-	87,438
Exchange difference	219,473	-	-	219,473
Total other changes	306,854	57	1,403,732	1,710,643
At 31 December 2022	2,975,240	2,019	403,732	3,380,991

12 Cash and cash equivalents and other cash flow information (continued)

	<i>Bank loans</i> RMB'000	<i>Lease liabilities</i> RMB'000	<i>Dividend payable</i> RMB'000	<i>Total</i> RMB'000
At 1 January 2023	2,975,240	2,019	403,732	3,380,991
Changes from financing cash flows:				
Repayment of bank loans	(368,841)	-	-	(368,841)
Interest paid on bank loans	(145,910)	-	-	(145,910)
Dividend paid	-	-	(643,732)	(643,732)
Capital element of lease rentals paid	-	(2,318)	-	(2,318)
Interest element of lease rentals paid	-	(204)	-	(204)
Total changes from financing cash flows	(514,751)	(2,522)	(643,732)	(1,161,005)
Other changes:				
Dividend declared	-	-	240,000	240,000
Interest expenses (Note 6)	147,236	204	-	147,440
New lease entered	-	6,559	-	6,559
Termination of lease	-	(995)	-	(995)
Exchange difference	31,510	-	-	31,510
Total other changes	178,746	5,768	240,000	424,514
At 31 December 2023	2,639,235	5,265	-	2,644,500
	<i>Bank loans</i> RMB'000	<i>Lease liabilities</i> RMB'000		<i>Total</i> RMB'000
At 1 January 2024	2,639,235	5,265		2,644,500
Changes from financing cash flows:				
Repayment of bank loans	(375,044)	-		(375,044)
Interest paid on bank loans	(69,414)	-		(69,414)
Capital element of lease rentals paid	-	(3,147)		(3,147)
Interest element of lease rentals paid	-	(101)		(101)
Total changes from financing cash flows	(444,458)	(3,248)		(447,706)
Other changes:				
Interest expenses (Note 6)	88,922	101		89,023
New lease entered	-	3,474		3,474
Exchange differences	10,764	-		10,764
Total other changes	99,686	3,575		103,261
At 31 August 2024	2,294,463	5,592		2,300,055

13 Trade and other payables

	<i>As at 31 December</i>			<i>As at 31 August</i>
	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	345,119	269,096	233,587	171,973
Accrued expenses	113,416	113,885	115,338	113,901
Amounts due to related parties	15,277	14,125	17,510	18,510
Payroll payables	15,862	35,576	18,057	16,913
Construction deposits and other retention payables	16,565	14,574	55,219	28,952
Dividend payable	-	403,732	-	-
	161,120	581,892	206,124	178,276
	506,239	850,988	439,711	350,249

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

	<i>As at 31 December</i>			<i>As at 31 August</i>
	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	128,499	88,450	153,312	44,802
Over 1 year	216,620	180,646	80,275	127,171
	345,119	269,096	233,587	171,973

14 Bank loans

	<i>As at 31 December</i>			<i>As at 31 August</i>
	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
	RMB'000	RMB'000	RMB'000	RMB'000
Secured (Note)	3,005,918	2,975,240	2,639,235	2,294,463

Note:

As at 31 December 2021, 2022, 2023 and 31 August 2024, the bank loans are pledged by the toll collection rights.

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

	<i>As at 31 December</i>			<i>As at 31 August</i>
	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
	RMB'000	RMB'000	RMB'000	RMB'000
USD	1,961,173	-	-	-
HKD	168,936	2,349,758	2,023,781	1,753,038
RMB	875,809	625,482	615,454	541,425
	3,005,918	2,975,240	2,639,235	2,294,463

14 Bank loans (continued)

	As at 31 December			As at 31 August
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
The borrowings are repayable as follows:				
Within one year	254,740	609,447	607,510	698,501
After 1 year but within 2 years	572,355	878,529	735,875	697,632
After 2 years but within 5 years	2,178,823	1,487,264	1,295,850	898,330
	3,005,918	2,975,240	2,639,235	2,294,463
Less: Amounts due for settlement within one year (shown under current liabilities)	(254,740)	(609,447)	(607,510)	(698,501)
Amounts due for settlement after 1 year	2,751,178	2,365,793	2,031,725	1,595,962

15 Resurfacing obligations

	RMB'000
As at 1 January 2021	453,555
Provision for resurfacing obligations	31,864
At 31 December 2021 and 1 January, 2022	485,419
Provision for resurfacing obligations	28,231
At 31 December 2022 and 1 January, 2023	513,650
Provision for resurfacing obligations	26,492
Reversal of provision for resurfacing obligations	(540,142)
At 31 December 2023, 1 January, 2024 and 31 August 2024	-

Note:

Considering the Beijing-Hong Kong-Macao Expressway (Guangzhou to Shenzhen section) reconstruction and expansion project, the GSZ Company appointed independent professional toll road experts to perform studies and concluded resurfacing works would not be undertaken over the remaining period of the existing concession rights. Therefore, the resurfacing obligations provided was fully reversed during 2023.

16 Deferred income

	RMB'000
At 1 January 2021	330,463
Amortisation in profit or loss for the year	<u>(6,413)</u>
At 31 December 2021 and 1 January 2022	324,050
Amortisation in profit or loss for the year	<u>(6,413)</u>
At 31 December 2022 and 1 January 2023	317,637
Amortisation in profit or loss for the year	<u>(11,688)</u>
At 31 December 2023 and 1 January 2024	305,949
Received during the period	126,701
Amortisation in profit or loss for the period	<u>(42,808)</u>
At 31 August 2024	<u>389,842</u>

Deferred income mainly represents subsidies received from local government authorities for certain reconstruction and expansion project (Note 5).

17 Deferred tax liabilities

The movement of deferred tax liabilities is as follows:

<i>Deferred tax arising from:</i>	<i>Deferred income</i> RMB'000	<i>Excess of tax amortisation over accounting amortisation</i> RMB'000	<i>Accrued expenses</i> RMB'000	<i>Others</i> RMB'000	<i>Total</i> RMB'000
At 1 January 2021	(18,653)	185,554	(25,161)	(3,046)	138,694
(Credited)/Charged to profit or loss	<u>3,244</u>	<u>(49,107)</u>	<u>4,526</u>	<u>1,567</u>	<u>(39,770)</u>
At 31 December 2021 and 1 January, 2022	(15,409)	136,447	(20,635)	(1,479)	98,924
(Credited)/Charged to profit or loss	<u>3,237</u>	<u>(65,525)</u>	<u>2,839</u>	<u>(1,429)</u>	<u>(60,878)</u>
At 31 December 2022 and 1 January, 2023	(12,172)	70,922	(17,796)	(2,908)	38,046
(Credited)/Charged to profit or loss	<u>6,468</u>	<u>86,172</u>	<u>(2,346)</u>	<u>(2,180)</u>	<u>88,114</u>
At 31 December 2023 and 1 January, 2024	(5,704)	157,094	(20,142)	(5,088)	126,160
(Credited)/Charged to profit or loss	<u>9,462</u>	<u>(16,009)</u>	<u>(4,793)</u>	<u>7,632</u>	<u>(3,708)</u>
At 31 August 2024	<u>3,758</u>	<u>141,085</u>	<u>(24,935)</u>	<u>2,544</u>	<u>122,452</u>

18 Capital, reserves, and dividends

(a) Paid-in capital

According to the cooperation contract, the GSZ Company's articles of association, and the relevant agreements, the register capital of the GSZ Company is invested by the foreign shareholder Hopewell China Development (Superhighway) Limited (the "Hopewell China"). The GSZ Company had repaid all registered capital amounted to RMB471,000,000 invested on 15 May 2007.

18 Capital, reserves, and dividends (continued)

(b) Statutory reserve

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

(c) Dividends

During the years ended 31 December 2021, 2022 and 2023, dividends of RMB1,589,234,000, RMB1,403,732,000 and RMB240,000,000 were declared respectively.

19 Capital risk management

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

The capital structure of the GSZ Company consists of the borrowings and lease liabilities, net of cash and cash equivalents and equity attributable to equity shareholders of the GSZ Company.

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

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

20 Financial risk management and fair values of financial instruments

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

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

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

(a) Credit risk

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

Trade receivables

The GSZ Company is not exposed to significant concentration credit risk as all trade receivables are from debtors as at 31 December 2021, 2022 and 2023 and 31 August 2024. The debtors are governmental organisations and state-owned enterprises with good reputation and repayment records.

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

The GSZ Company applies simplified approach and always recognises lifetime ECL for trade receivables on an individual basis. Taking into account the financial condition of the customers and historical settlement pattern with no history of default in the past and the forward-looking information, the management of the GSZ Company considers the trade receivables are at lower risk under internal credit rating assessment and the probability of default of the counterparties was low. The ECL arising from the trade receivables was insignificant and no loss allowance provision was recognised as at 31 December 2021, 2022 and 2023 and 31 August 2024. There were no credit-impaired trade receivables as at 31 December 2021, 2022 and 2023 and 31 August 2024.

(b) Liquidity risk

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

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

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

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

As at 31 December 2021						
Contractual undiscounted cash outflow						
	Within 1 year RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31 December RMB'000
Trade and other payables	506,239	-	-	-	506,239	506,239
Lease liabilities	1,243	248	743	124	2,358	2,210
Bank loans	255,841	593,742	2,312,564	-	3,162,147	3,005,918
	<u>763,323</u>	<u>593,990</u>	<u>2,313,307</u>	<u>124</u>	<u>3,670,744</u>	<u>3,514,367</u>

As at 31 December 2022						
Contractual undiscounted cash outflow						
	Within 1 year RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31 December RMB'000
Trade and other payables	850,988	-	-	-	850,988	850,988
Lease liabilities	1,241	248	619	-	2,108	2,019
Bank loans	620,533	944,886	1,805,918	-	3,371,337	2,975,240
	<u>1,472,762</u>	<u>945,134</u>	<u>1,806,537</u>	<u>-</u>	<u>4,224,433</u>	<u>3,828,247</u>

As at 31 December 2023						
Contractual undiscounted cash outflow						
	Within 1 year RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31 December RMB'000
Trade and other payables	439,711	-	-	-	439,711	439,711
Lease liabilities	4,796	248	372	-	5,416	5,265
Bank loans	744,013	836,525	1,321,640	-	2,902,178	2,639,235
	<u>1,188,520</u>	<u>836,773</u>	<u>1,322,012</u>	<u>-</u>	<u>3,347,305</u>	<u>3,084,211</u>

As at 31 August 2024						
Contractual undiscounted cash outflow						
	Within 1 year RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31 August RMB'000
Trade and other payables	350,249	-	-	-	350,249	350,249
Lease liabilities	4,318	2,513	124	-	6,955	5,592
Bank loans	780,766	766,951	932,160	-	2,479,877	2,294,463
	<u>1,135,333</u>	<u>769,464</u>	<u>932,284</u>	<u>-</u>	<u>2,837,081</u>	<u>2,650,304</u>

(c) Interest rate risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The GSZ Company's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates and fixed rates expose the GSZ Company to cash flow interest rate risk.

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

(ii) Interest rate profile

The following table details the interest rate profile of the GSZ Company's borrowings at the end of the reporting period.

	As at 31 December				As at 31 August	
	2021	2022	2023	2024	2024	2024
	Effective interest rate	Effective interest rate	Effective interest rate	Effective interest rate	Effective interest rate	Effective interest rate
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Fixed rate borrowings:						
Lease liabilities	3.85% 2,210	3.85% 2,019	3.85% 5,265	3.45%-3.85%	5,592	
Variable rate borrowings:						
Bank loans	LIBOR+1.5% ~ HIBOR+1.5% ~ LPR-1.25% 3,005,918	HIBOR+1.2% ~ LPR-1.25% 2,975,240	HIBOR+1.2% ~ LPR-1.25% 2,639,235	HIBOR+1.2% ~ LPR-1.25%	2,294,463	
Total borrowings	3,008,128	2,977,259	2,644,500		2,300,055	

At 31 December 2021, 2022 and 2023 and 31 August 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the GSZ Company's profit after tax by approximately RMB22,529,000, RMB22,277,000, RMB19,760,000 and RMB17,036,000 respectively

The sensitivity analysis above indicates the cash flow interest rate risk arising from floating rate non-derivative instruments held by the GSZ Company at the end of the reporting period, the impact on the GSZ Company's profit after tax is estimated as an annualised impact on interest expense or income of such a change in interest rates.

(d) Currency risk

(i) Exposure to currency risk

The GSZ Company undertake certain transactions denominated in foreign currencies, hence exposure to exchange fluctuation arises. The GSZ Company manages its foreign currency risk by constantly monitoring the movement of the foreign exchange rates.

The carrying amounts of monetary assets and monetary liabilities of the GSZ Company denominated in currencies other than their respective functional currencies at the end of the reporting period are as follows:

	As at 31 December			As at 31 August
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount				
Liabilities				
- HKD	168,847	2,345,407	2,019,756	1,748,605
- USD	1,960,145	-	-	-
	2,128,992	2,345,407	2,019,756	1,748,605

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

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

(ii) Sensitivity analysis

The foreign currency risk of the GSZ Company is mainly concentrated on the fluctuation of RMB, the functional currency of the GSZ Company as at 31 August 2024, against HKD. The following sensitivity analysis includes currency risk related to HKD and USD denominated monetary items of the GSZ Company.

3% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 3% change in foreign currency rate and all other variables are held constant.

As at 31 August 2024, the GSZ Company had monetary liabilities denominated in HKD that are not the functional currency (i.e. RMB). If exchange rate of RMB against HKD and USD had been strengthened/weakened by 3%, the profit after tax of the GSZ Company for the current year/period would decrease/increase by RMB47,901,000, RMB52,770,000, RMB45,444,000 and RMB39,343,000 respectively for each of the year ended 31 December 2021, 2022 and 2023 and the eight months ended 31 August 2024.

(e) Fair value measurement

The fair values of financial asset and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the GSZ Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information of the GSZ Company approximate their fair values.

21 Capital commitments

Commitments outstanding at 31 December 2021, 2022 and 2023 and 31 August 2024 contracted for but not provided in the Historical Financial Information:

	As at 31 December			As at 31 August
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Construction of expressway	428,678	476,147	2,384,912	6,999,927

22 Related party transactions

(a) Transaction with related parties

The GSZ Company entered into the following transactions with Guangdong Provincial Communications Group Co., Ltd. (廣東省交通集團有限公司) and Shenzhen Investment Holdings Bay Area Development Company Limited (“Bay Area”) (深圳投控灣區發展有限公司), the shareholders of the GSZ Company, and certain entities controlled or jointly controlled by these two shareholders during the years ended 31 December 2021, 2022 and 2023 and the eight months ended 31 August 2024:

	Year ended 31 December			Eight months ended 31 August	
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000 (unaudited)	2024 RMB'000
Construction costs	119,952	102,442	32,343	1,763	39,183
Maintenance expenses	10,811	18,436	23,514	8,800	13,108
Compensation income (Note 6(iii))	182,233	120,845	-	-	8,330
Rental income	17,521	8,929	7,033	979	7,248
Service fee expenses	17,847	14,638	19,000	3,572	2,701
Operation income	3,693	3,066	649	456	467
Acceptance of research and development services	-	6,728	3,881	-	-
Remuneration of key management personnel	2,157	3,428	5,868	3,232	2,259
Technical service cost	-	-	7,075	7,075	-

(b) Balances with related parties

The balances with related parties are set out in Note 13.

23 Non-adjusting events after the Track Record Period

Hopewell China Development (Superhighway) Limited (“Hopewell China Development”) (a non-wholly owned subsidiary of Bay Area) and Guangdong Provincial Highway Construction Company Limited (“Guangdong Highway Construction”) (廣東省公路建設有限公司) entered into a capital increase agreement, pursuant to which, Hopewell China Development and Guangdong Highway Construction agreed to contribute, by way of registered capital, RMB3,285 million and RMB4,015 million, respectively, to the GSZ Company, the agreed capital will be injected in phases, according to the work progress of reconstruction and expansion project of the approved road section.

24 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Track Record Period

Up to the date of issue of this report, the IASB has issued a number of amendments and new standards, which are not yet effective for the Track Record Period and which have not been adopted in the Historical Financial Information. These developments include the following which may be relevant to the GSZ Company.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to IAS 21, <i>The effects of changes in foreign exchange rates "Lack of exchangeability"</i>	1 January 2025
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments: disclosures</i> "Amendments to the classification and measurement of financial instruments"	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to IFRS 10, <i>Consolidated financial statements</i> and IAS 28, <i>Investments in associates and joint ventures</i> "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined

The GSZ Company is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far, the GSZ Company has concluded that the adoption of them is unlikely to have a significant impact on the Historical Financial Information.