成都高速公路股份有限公司
CHENGDU EXPRESSWAY CO., LTD.

(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 1785

2020 ANNUAL REPORT

CONTENTS

DEFINITIONS

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

"AGM"	the annual general meeting of the Company to be held on 10 June 2021
"Articles of Association"	the articles of association of the Company
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors of the Company
"Chengbei Exit Expressway Company"	Chengdu Chengbei Exit Expressway Co., Ltd. (成都城北出口高速公路有限公司), a company incorporated in the PRC with limited liability, which is an associate of the Company with 40% of its equity interests held by the Company
"Chengdu Airport Expressway Company"	Chengdu Airport Expressway Co., Ltd. (成都機場高速公路有限責任公司), a company incorporated in the PRC with limited liability, which is a non-wholly-owned subsidiary of the Company with 55% of its equity interests held by the Company
"Chengdu Communications Investment"	Chengdu Communications Investment Group Co., Ltd. (成都交通投資集團有限公司), a company incorporated in the PRC with limited liability on 16 March 2007, which is one of the controlling shareholders of the Company
"Chengdu Communications Investment Group"	Chengdu Communications Investment and its subsidiaries, excluding the Group for the purpose of the section headed "Directors' Report"
"Chengdu Expressway Construction"	Chengdu Expressway Construction and Development Co., Ltd. (成都高速公路建設開發有限公司), a company incorporated in the PRC with limited liability, which is one of the controlling shareholders of the Company
"Chengdu Jiaoyun CNG"	Chengdu Jiaoyun Compressed Natural Gas Development Co., Ltd. (成都交運壓縮天然氣發展有限公司), a company incorporated in the PRC with limited liability and a 25%-owned associate of Energy Development Company
"Chengdu Jiuhe"	Chengdu Jiuhe Oil Management Co., Ltd. (成都九河石油經營有限公司), a company incorporated in the PRC with limited liability and a 43%-owned associate of Energy Development Company
"Chengdu Tongneng"	Chengdu Tongneng Compressed Natural Gas Co., Ltd. (成都通能壓縮天然氣有限公司), a company incorporated in the PRC with limited liability and an associate of Energy Development Company with 30% of its equity interests held by Energy Development Company
"Chengguan Expressway Company"	Chengdu Chengguan Expressway Co., Ltd. (成都成灌高速公路有限責任公司), a company incorporated in the PRC with limited liability on 25 August 1998, the predecessor of the Company

DEFINITIONS

"Chengming Expressway Company"	Sichuan Chengming Expressway Co., Ltd. (四川成名高速公路有限公司), a company incorporated in the PRC with limited liability, which is a non-wholly owned subsidiary of the Company with 51% of its equity interests held by the Company
"Chengpeng Expressway Company"	Chengdu Chengpeng Expressway Co., Ltd. (成都成彭高速公路有限責任公司), a company incorporated in the PRC with limited liability, which is a non-wholly owned subsidiary of the Company with 99.74% of its equity interests held by the Company
"Chengwenqiong Expressway Company"	Chengdu Chengwenqiong Expressway Co., Ltd. (成都成溫邛高速公路有限公司), a company incorporated in the PRC with limited liability, which is a wholly-owned subsidiary of the Company
"Chengyu Expressway Company"	Sichuan Expressway Company Limited (四川成渝高速公路股份有限公司), a joint stock company incorporated in the PRC with limited liability, a substantial shareholder of Chengdu Airport Expressway Company and a controlling shareholder of Chengbei Exit Expressway Company
"CNG"	compressed natural gas
"Communications Investment Energy"	Chengdu Communications Investment Energy Development Co., Ltd. (成都交投能源發展有限公司), a company incorporated in the PRC with limited liability, which is a subsidiary of Energy Development Company with 55% of its equity interests held by Energy Development Company
"Company"	Chengdu Expressway Co., Ltd. (成都高速公路股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed and traded on the Stock Exchange
"Company Law"	the Company Law of the PRC (《中華人民共和國公司法》)
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed thereto under the Listing Rules, in this report refers to Chengdu Communications Investment and Chengdu Expressway Construction
"CCB Gold Investment"	CCB Gold Investment (Chengdu) Equity Investment Fund Partnership (Limited Partnership) (建信金投(成都)股權投資基金合夥企業(有限合夥)), a limited partnership incorporated in the PRC which holds 18.49% equity interests in Chengdu Expressway Construction
"Director(s)"	the director(s) of the Company
"Domestic Share(s)"	ordinary share(s) of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB

DEFINITIONS

"Energy Development Company"	Chengdu Energy Development Co., Ltd. (成都能源發展股份有限公司), a joint stock company incorporated in the PRC with limited liability, which is held by the Company as to 94.49% (its remaining 5.51% equity interests are held by Chengdu Communications Investment Property Company Limited, an indirect wholly-owned subsidiary of Chengdu Communications Investment) and became a non-wholly-owned subsidiary of the Company on 12 August 2020
"Energy Operation"	Chengdu Communications Investment Energy Operation and Management Co., Ltd. (成都交投能源經營管理有限公司), a company incorporated in the PRC with limited liability and a 100%-owned subsidiary of Energy Development Company
"GDP"	gross domestic product
"Global Offering"	has the meaning ascribed thereto in the Prospectus
"Group"	the Company and its subsidiaries from time to time
"H Share(s)"	overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and are approved to be listed and traded on the Stock Exchange
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Independent Shareholders"	the Shareholders other than Chengdu Communications Investment and Chengdu Expressway Construction
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules

DEFINITIONS

"MOT"	Ministry of Transport of the People's Republic of China
"Operation Company"	Chengdu Expressway Operation Management Co., Ltd. (成都高速運營管理有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company with 100% of its equity interests held by the Company
"PetroChina"	PetroChina Company Limited (中國石油天然氣股份有限公司), a joint stock company incorporated in the PRC with limited liability
"PetroChina Chengdu Sales Branch"	PetroChina Company Limited Sichuan Chengdu Sales Branch (中國石油天然氣股份有限公司四川成都銷售分公司), a branch of PetroChina
"PetroChina Sichuan Sales Branch"	PetroChina Company Limited Sichuan Sales Branch (中國石油天然氣股份有限公司四川銷售分公司), a branch of PetroChina
"Prospectus"	the prospectus of the Company dated 28 December 2018
"refined oil"	petrol and diesel oil
"Reporting Period"	the year ended 31 December 2020
"Reporting Date"	the date on which the 2020 annual report of the Company was approved by the Board, being 25 March 2021
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	the share(s) of the Company, including Domestic Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s) of the Company
"Sinopec Chengdu Energy"	Sinopec Chengdu Energy Co., Ltd. (中石化成都能源有限公司), a company incorporated in the PRC with limited liability and a joint venture company with 50% of its equity interest held by Energy Development Company

DEFINITIONS

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Tongneng Jinfu"	Chengdu Tongneng Jinfu Natural Gas Co., Ltd. (成都通能金府天然氣有限公司), a company incorporated in the PRC with limited liability and a 100%-owned subsidiary of Chengdu Tongneng
"Zhengtongdaoqiao"	Pengzhou Zhengtongdaoqiao Construction Company Limited (彭州市正通道橋建設有限責任公司)
"Zhenxing Company"	Chengdu Expressway Zhenxing Development Co., Ltd. (成都高速振興發展有限責任公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company with 80% of its equity interests held by the Company
"Zhongyou Energy"	Chengdu Zhongyou Energy Co., Ltd. (成都中油能源有限公司), a company incorporated in the PRC with limited liability, which is a subsidiary of Energy Development Company with 51% of its equity interests held by Energy Development Company
"Zhongyou Jieneng"	Zhongyou Jieneng (Chengdu) Environmental Protection Technology Co., Ltd. (中油潔能（成都）環保科技有限公司), a company incorporated in the PRC with limited liability, which is a subsidiary of Chengdu Tongneng with 52.51% of its equity interest held by Chengdu Tongneng

DEFINITIONS

GLOSSARY OF TECHNICAL TERMS

"Batch Payment Model"	a toll collection model only applicable to passenger vehicles with local licenses on Chengpeng Expressway and all vehicles with local licenses on Chengwenqiong Expressway which can pass through the toll plazas on these two expressways without toll payment. The relevant local governments, instead, pay the Group toll fees pursuant to the batch payment agreements entered with Chengpeng Expressway Company and Chengwenqiong Expressway Company, respectively, of which Chengpeng Expressway has restored the Standard Toll Collection Model in July 2018
"daily weighted-average traffic volume"	represents the summation of the daily traffic volume and mileage of each section of expressways, i.e. the section from an expressway toll station to the next toll station, divided by the sum of the mileage. For Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Qiongming Expressway and Chengdu Airport Expressway, the daily traffic volume includes the number of vehicles leaving the expressway's toll plazas, the number of vehicles entering the expressway but leaving from other expressways, and the number of vehicles passing by but not entering the expressways or leaving from the expressway's toll plazas, but excluding vehicles entitled to toll-free treatment such as vehicles using the expressway during national holidays and, for Chengdu Airport Expressway, also excluding vehicles that have purchased annual tickets. The traffic volume of Chengwenqiong Expressway has taken into account the traffic volume under the Batch Payment Model
"Standard Toll Collection Model"	a toll collection model that requires payment at the time of passing-through and is applicable to all the vehicles on the expressways of the Group that are not eligible for the Batch Payment Model

GROUP PROFILE

The Group is principally engaged in the operation, management and development of expressways located in and around Chengdu, Sichuan Province. Meanwhile, the Group also carries out retail of refined oil and operation of CNG. Business operations of the Group are therefore categorised into "expressway" and "energy" two segments.

The "expressway" segment constitutes the traditional principal business of the Group. As at the Reporting Date, the Group owned five expressways, i.e., Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Qiongming Expressway and Chengdu Airport Expressway, and held 40% equity interests in Chengbei Exit Expressway, covering a total network mileage of 202.37 kilometres (including Chengbei Exit Expressway). In addition, in December 2020, the Company won the tenders for the operation and management business of Chengdu Tianfu International Airport Expressway ("Tianfu Airport Expressway") and Pujiang-Dujiangyan Section of Chengdu Economic Zone Ring Expressway ("Pudu Expressway"), upon which, the total mileage (inclusive of the sections under entrusted management) of expressways operated by the Group reached 392.04 kilometres. Located strategically in areas adjacent to Chengdu, expressways operated and invested by the Group are an integral part to the expressway network surrounding Chengdu which connect several districts with abundant economic, cultural and tourism resources. In recent years, the expressways operated and managed by the Group and the service teams have secured remarkable performance in security and quality service. The Company, some of its subsidiaries and service teams obtained the safety production standardisation construction certification of transportation enterprises (Grade II) and honors such as the Expressway with Good Service, Environment, Security, Maintenance and Operation of Sichuan Province (四川省"五好"高速公路) and the Most Beautiful Chinese Road Collector Team (最美中國路姐團隊).

The "energy" segment was consolidated into the Group on 12 August 2020, where Energy Development Company acts as the investor to conduct retail of refined oil and operation of CNG through its subsidiaries, joint venture and associates. The Group had a total of 22 petrol stations and one gas station (one petrol station and one gas station did not commence operation during the Reporting Period) located in and around Chengdu of Sichuan Province.

As at the end of the Reporting Period, total assets of the Group reached RMB9.07 billion.

GROUP PROFILE

OVERVIEW OF THE "EXPRESSWAY" SEGMENT

- Chengguan Expressway is a major part of the G4217 national expressway and a key section connecting Sichuan Province with Gansu Province, Qinghai Province and Tibet. It is also the main road to access Dujiangyan, a historic city, Qingcheng Mountain, Jiuzhai Valley, Huanglong and other tourist attractions and connects most of the catalogued UNESCO World Heritage Sites located in Sichuan Province.

- Chengpeng Expressway is a major part of the S105 provincial expressway, which is a key component of the radial-shaped road network surrounding Chengdu and the main route connecting Chengdu to north areas of Sichuan Province.

- Chengwenqiong Expressway is a major part of the S8 provincial expressway and is of economic and cultural significance to western Chengdu. It is also the only expressway gateway within the region that connects Wenjiang, Chongzhou, Dayi, Qionglai and other major satellite cities of Chengdu.

- Chengdu Airport Expressway is a major part of the S6 provincial expressway and the main expressway to Chengdu Shuangliu International Airport from downtown Chengdu.

- Qiongming Expressway is a major part of the S8 provincial expressway and an extension of Chengwenqiong Expressway. It connects to Yunnan Province via Chengya Expressway (成雅高速公路) – Yaxi Expressway (雅西高速公路) – Xipan Expressway (西攀高速公路) and to the Tibetan region via Chengya Expressway (成雅高速公路) – Yakang Expressway (雅康高速公路) – G318 national expressway.

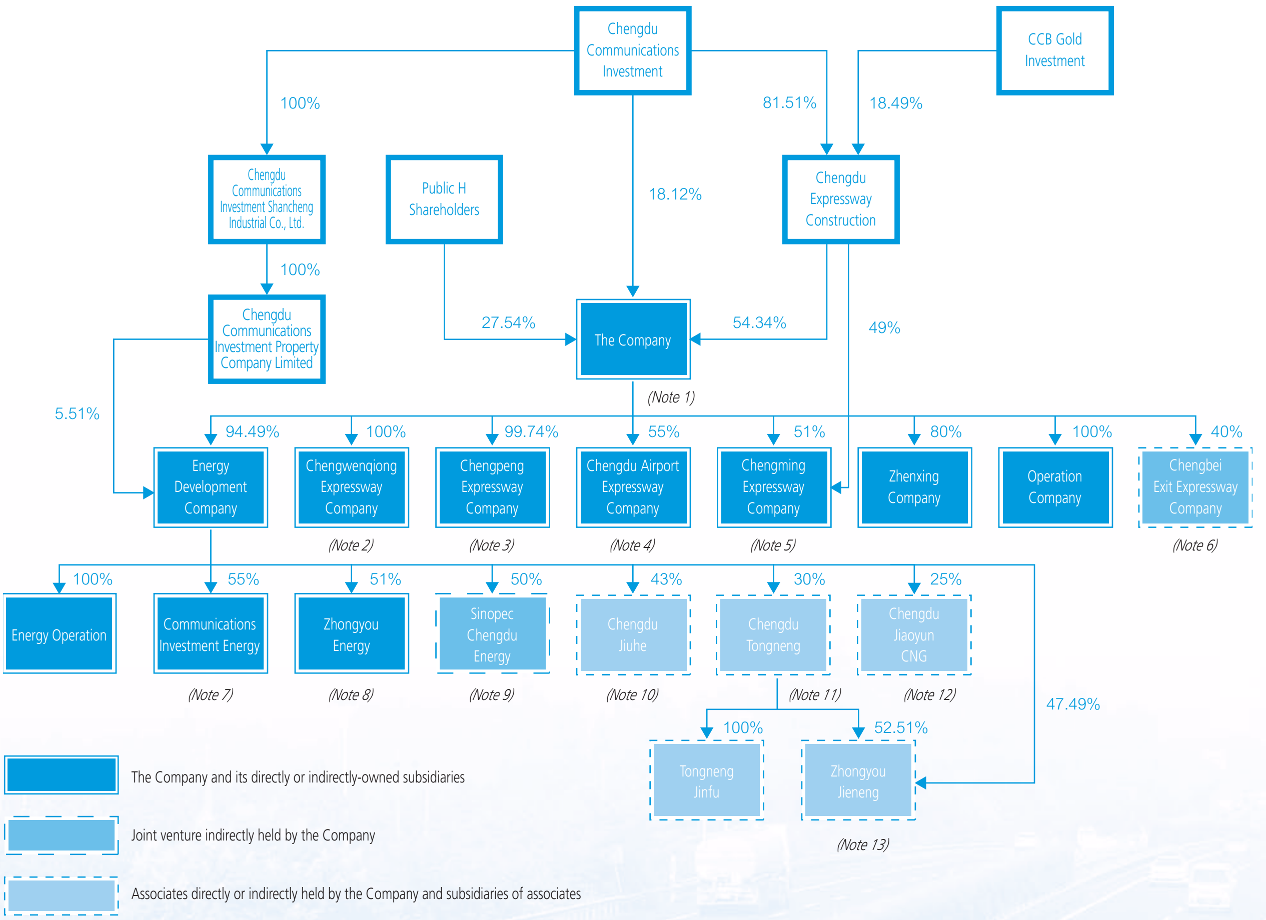
- Chengbei Exit Expressway forms part of the G5 Beijing-Kunming national expressway and is an important expressway connecting downtown Chengdu with Chengmian Expressway (成綿高速) and Chengdu Ring Expressway (成都繞城高速).

OVERVIEW OF THE "ENERGY" SEGMENT

Within the energy segment of the Group, Energy Development Company acts as the investor to conduct retail of refined oil and operation of CNG through its subsidiaries, joint venture and associates. As of the Reporting Date, Energy Development Company has three subsidiaries, being Zhongyou Energy, Communications Investment Energy and Energy Operation, and six joint venture and associates, including Sinopec Chengdu Energy and Chengdu Tongneng through direct and indirect shareholding.

GROUP STRUCTURE

The chart below sets out the Group's structure as at the Reporting Date:



The table below sets forth certain key operating data of the expressways operated and invested in by the Group as at the Reporting Date:

Name	Percentage of Ownership	Length (km)	Number of Lanes	Number of Toll Stations	Commencement of Operation	Expiration Date
Chengguan Expressway	100%	40.44	6	7	July 2000	July 2030
Chengpeng Expressway	99.74%	21.32	6/8	4	November 2004	October 2033
Chengwenqiong Expressway	100%	65.60	6/4	12	January 2005	January 2035
Chengdu Airport Expressway	55%	11.98	4	1	July 1999	December 2024
Qiongming Expressway	51%	52.68	4	5	November 2010	November 2038
Chengbei Exit Expressway	40%	10.35	6	1	December 1998	June 2024

GROUP STRUCTURE

The table below sets forth certain operation information of subsidiaries, joint venture, associates and subsidiaries of associates of Energy Development Company as of the Reporting Date:

Company Name	Date of Incorporation	Principal Business	Number of Stations Operated
Zhongyou Energy	19 June 2009	Retail of refined oil	16 petrol stations
Communications Investment Energy	15 November 2010	Retail of refined oil	5 petrol stations
Sinopec Chengdu Energy	25 December 2012	Retail of refined oil and operation of CNG	1 petrol station and 1 gas station
Chengdu Jiuhe	24 November 2010	Retail of refined oil	1 petrol station
Chengdu Tongneng	12 January 2009	Operation of CNG	14 gas stations
Chengdu Jiaoyun CNG	26 December 2000	Operation of CNG	1 gas station
Zhongyou Jieneng	14 September 2006	Operation of CNG	6 gas stations
Tongneng Jinfu	30 November 2000	Operation of CNG	1 gas station
Energy Operation	18 December 2020	Retail of refined oil and operation of CNG	1 petrol station

Notes:

1. The Company holds 100% interests in Chengguan Expressway.

2. Chengwenqiong Expressway Company holds 100% interests in Chengwenqiong Expressway.

3. The Company holds 99.74% interests in Chengpeng Expressway through Chengpeng Expressway Company, and the remaining 0.26% interests are held by Zhengtongdaoqiao.

4. The Company holds 55% interests in Chengdu Airport Expressway through Chengdu Airport Expressway Company and its remaining 45% interests are held by Chengyu Expressway Company and Sichuan Xinneng Real Estate Limited (四川新能置業有限公司) as to 25% and 20%, respectively.

5. The Company holds 51% interests in Qiongming Expressway through Chengming Expressway Company and its remaining 49% equity interests are held by Chengdu Expressway Construction.

6. Furthermore, the Company holds 40% interests in Chengbei Exit Expressway through Chengbei Exit Expressway Company, an associate and its remaining 60% interests are held by Chengyu Expressway Company.

7. The remaining 45% equity interests of Communications Investment Energy, which is held as to 55% by Energy Development Company, is held by Chengdu Huaguan Industrial Co., Ltd. (成都華冠實業股份有限公司) ("Chengdu Huaguan").

8. The remaining 49% equity interests of Zhongyou Energy, which is held as to 51% by Energy Development Company, is held by PetroChina.

9. The remaining 50% equity interests of Sinopec Chengdu Energy, which is held as to 50% by Energy Development Company, is held by China Petroleum and Chemical Corporation Sichuan Petroleum Branch (中國石油化工股份有限公司四川石油分公司).

GROUP STRUCTURE

10. The remaining 57% equity interests of Chengdu Jiuhe, which is held as to 43% by Energy Development Company, is held by Chengdu Rongtai Industry Corporation (成都榮泰實業總公司).

11. The remaining 70% equity interests of Chengdu Tongneng, which is held as to 30% by Energy Development Company, is held as to 55% and 15% by Chengdu Zhengtong Hengsheng Enterprise Management Co., Ltd. (成都正通恆盛企業管理有限公司) and Chengdu Luneng Compressed Natural Gas Co., Ltd. (成都魯能壓縮天然氣有限責任公司), respectively.

12. The remaining 75% equity interests of Chengdu Jiaoyun CNG, which is held as to 25% by Energy Development Company, is held as to 20%, 20% and 35% by Chengdu Zhengkun Technology Co., Ltd. (成都正昆科技有限責任公司), PetroChina and Chengdu Bus Compressed Natural Gas Co., Ltd. (成都公交壓縮天然氣股份有限公司), respectively.

13. The remaining 52.51% equity interests of Zhongyou Jieneng, which is held as to 47.49% by Energy Development Company, is held by Chengdu Tongneng.

MAJOR EVENTS DURING THE REPORTING PERIOD

With the approval from the State Council, the MOT determined to waive tolls on toll roads nationwide during containment of the novel coronavirus pandemic (the "COVID-19 Pandemic"). Accordingly, tolls were waived for all vehicles legally travelling though the Group's Chengguan Expressway, Chengwenqiong Expressway, Chengpeng Expressway, Chengdu Airport Expressway and Qiongming Expressway as well as Chengbei Exit Expressway in which the Group holds equity interests from 00:00 on 17 February 2020 to 00:00 on 6 May 2020. Implementation of such policy resulted in an adverse impact on the Group's toll income and profit during the Reporting Period.

On 4 March 2020, the Company entered into the Project Investment Agreement with the People's Government of Pidu District in Chengdu, Sichuan Province ("Pidu District Government"), pursuant to which, Pidu District Government shall support the Company to invest in the construction of a Class B expressway service area in proximity to Ande Toll Station (near K22 of Chengguan Expressway) within Pidu District (the "Project"). Details of the Project are as follows: (i) core functional area (Phase I): to establish essential functions featuring Class B service areas such as petrol and gas stations, parking and maintenance, fast food chains and specialty stores; and (ii) expansion area (Phase II): based on ensuring the necessary functions of the service area, to develop the "service area +" integration development project depending on the availability of land by exploring the integrated development of the service area with, among other things, tourism, logistics, culture and new energy to promote the construction of "service area + tourism" and "service area + local characteristics". According to the Project Investment Agreement, the Company undertakes to establish a project company with a registered capital of not less than RMB100 million (to be contributed within three years) which will be absolutely controlled by the Company and will be responsible for the investment and construction of the Project. Pidu District Government undertakes to be responsible for the supporting infrastructure of the Project, and to offer preferential policies including the existing industrial talent programs in Pidu District and other incentives. It is expected that investment of approximately RMB150 million will be made for the core functional area (Phase I), and approximately RMB350 million of fixed assets will be made for the expansion area (Phase II) which is subject to the availability of land. The project company will finance the investment through various financing channels, including shareholder contribution.

The Company has established Zhenxing Company with a registered capital of RMB100 million. Zhenxing Company is held as to 80% and 20% by the Company and Chengdu Pidu District Shudu Country Zhenxing Investment Development Co., Ltd. (成都市郫都區蜀都鄉村振興投資發展有限公司), an independent third party, respectively. In view of the above undertakings, Zhenxing Company, as the project company for the Project, is responsible for investment and construction of Ande service area. As of the Reporting Date, Phase I construction of the Project had been initiated.

On 29 April 2020, the Company established a 100%-owned subsidiary, Operation Company, in Pidu District of Chengdu with a registered capital of RMB20 million, which is an expressway operation management company integrating operation and management, maintenance and construction as well as asset management of expressways. During the Reporting Period, the Company, Chengpeng Expressway Company, Chengwenqiong Expressway Company, Chengdu Airport Expressway Company and Chengming Expressway Company have entrusted the Operation Company to be responsible for the management of, among others, toll collection, maintenance and asset operation and development business of the Group's Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Chengdu Airport Expressway and Qiongming Expressway. The Operation Company proposes to expand entrusted operation and management services to external expressways in due course.

MAJOR EVENTS DURING THE REPORTING PERIOD

On 25 May 2020, the Company entered into the Share Transfer Agreement with Chengdu Communications Investment, pursuant to which, the Company agreed to acquire and Chengdu Communications Investment agreed to dispose of 360,000,000 shares of Energy Development Company, representing 94.49% of the total shares of Energy Development Company, at a consideration of RMB727,570,000. The acquisition was considered and approved by the Independent Shareholders on 7 August 2020 and was completed on 12 August 2020. Upon completion of the acquisition, Energy Development Company became a direct non-wholly-owned subsidiary of the Company.

On 8 December 2020, the Company won the tenders for the entrusted operation and management business of Tianfu Airport Expressway and Pudu Expressway, upon which, the mileage of expressways operated by the Group reached 392.04 kilometres, inclusive of the sections under entrusted management.

On 18 December 2020, Energy Development Company established a wholly-owned subsidiary, Energy Operation, which is primarily engaged in operation of petrol stations or gas stations newly secured by Energy Development Company since establishment of Energy Operation and positions for the three functions of "operation of oil and gas, integrated operation of service areas and operation of new energy".

AWARDS AND RECOGNITIONS

In February 2020, Chengdu Airport Expressway Company obtained the certificate of occupational health and safety management system certification.

In July 2020, Energy Development Company obtained the certificate of safety production standardisation enterprise (Grade II) granted by the Department of Emergency Management of Sichuan Province.

In November 2020, the "Ingenuity Blue" Innovation Service Team of the Company was granted the 8th National Expressway Service Brand Annual Conference and the 7th "Most Beautiful Chinese Road Collector Team" Award organised by China Highway & Transportation Society.

In November 2020, the Company was named as the excellent enterprise in the "13th five-year" national expressway assessment by the Expressway Administration Bureau of Department of Transportation of Sichuan Province.

In December 2020, the Company, Chengwenqiong Expressway Company and Chengming Expressway Company obtained the safety production standardisation construction certification of transportation enterprises (Grade II) .

In December 2020, Qiongming Expressway was accepted by the Expressway Administration Bureau of Department of Transportation of Sichuan Province as an "Expressway with Good Service, Environment, Security, Maintenance and Operation".

FINANCIAL AND OPERATIONAL HIGHLIGHTS

OPERATING RESULTS

	2016 *RMB'000* (Restated)	2017 *RMB'000* (Restated)	2018 *RMB'000* (Restated)	2019 *RMB'000* (Restated)	**2020** ***RMB'000***
Revenue	1,481,625	2,104,319	2,385,308	2,301,384	**2,014,344**
Including:					
Toll Income	787,558	840,378	985,898	1,255,926	**1,010,206**
Construction revenue in respect of service concession arrangements	397,643	943,920	844,329	–	**105,616**
Revenue from the energy segment	296,424	320,021	555,081	1,045,458	**898,522**
Gross profit	495,856	545,651	676,627	872,511	**664,247**
Profit before tax	412,565	470,886	643,032	681,528	**430,790**
Profit for the year	351,336	403,384	554,456	555,567	**381,680**
Total comprehensive income for the year attributable to owners of the Company	298,410	363,687	502,914	485,198	**344,509**

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December 2016 *RMB'000* (Restated)	As at 31 December 2017 *RMB'000* (Restated)	As at 31 December 2018 *RMB'000* (Restated)	As at 31 December 2019 *RMB'000* (Restated)	**As at 31 December 2020** ***RMB'000***
Total assets	5,069,523	5,544,971	6,234,921	9,334,119	**9,067,406**
Total liabilities	2,512,265	2,740,150	2,883,263	4,599,564	**4,895,496**
Non-controlling interests	546,384	222,455	488,369	872,616	**891,764**
Equity attributable to owners of the Company	2,010,874	2,582,366	2,863,289	3,861,939	**3,280,146**

EARNINGS

	2016 (Restated)	2017 (Restated)	2018 (Restated)	2019 (Restated)	**2020**
Earnings per Share attributable to ordinary equity holders of the Company –Basic and diluted (RMB)	0.249	0.303	0.419	0.296	**0.208**

Note: For the previously stated operating results and financial position recorded in 2016 to 2019, please refer to the annual report of the Company for the year 2019.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I hereby present the 2020 annual results of the Group to the Shareholders.

The year of 2020 was significantly unusual, when the sudden outbreak and spread of COVID-19 pandemic wreaked havoc to global and domestic economies. During the Reporting Period, the Group focused on the macro situation, meticulously carried out industry policies, proactively implemented various pandemic prevention measures, rolled out smooth operations under each business segment and did not record any case of virus infection. During the Reporting Period, the Group continued to optimise internal control, materialised cost reduction and efficiency enhancement, captured market opportunities, accelerated diversified business expansion and strengthened core competitiveness to earnestly cope with the impact of the pandemic. Despite a decline in annual operating results as compared with the corresponding period of last year, our overall growth resonated with the macro-economic condition and trended towards a positive outlook.

During the Reporting Period, the Group achieved revenue of RMB2,014,344,000 (2019 (restated): RMB2,301,384,000), representing a decrease of RMB287,040,000, or 12.5% from 2019. Toll income of the expressway segment reached RMB1,010,206,000 (2019 (restated): RMB1,255,926,000), accounting for 50.2% of the total revenue for the year and representing a year-on-year decrease of 19.6%; and revenue from the energy segment reached RMB898,522,000 (2019 (restated): RMB1,045,458,000), accounting for 44.6% of the total revenue for the year and representing a year-on-year decrease of 14.1%.

During the Reporting Period, the Group achieved profit for the year of RMB381,680,000 (2019 (restated): RMB555,567,000), representing a decrease of RMB173,887,000, or 31.3% from 2019; total comprehensive income for the year attributable to owners of the Company of RMB344,509,000 (2019 (restated): RMB485,198,000), representing a year-on-year decrease of 29.0%; and basic earnings per Share of approximately RMB0.208 (2019 (restated): RMB0.296), representing a year-on-year decrease of 29.7%.

The Company is committed to creating steady returns for the Shareholders. The Board recommended the payment of a final cash dividend for 2020 of RMB0.121 per Share (tax inclusive), totaling RMB200,388,342. The dividend payout plan will be implemented upon approval at the AGM for 2020 to be held on Thursday, 10 June 2021.

RESULTS REVIEW

COVID-19 Pandemic Leading to A Decline in Annual Results

Expressway Segment

During the Reporting Period, primarily due to the COVID-19 pandemic and the policy of the MOT to waive tolls for toll expressways nationwide during the period from 00:00 on 17 February 2020 to 00:00 on 6 May 2020 (the "Toll Waiver Policy of the MOT"), the operating results of the expressway segment of the Group recorded certain decline from the same period of the previous year. In particular, toll income during the first half of the year suffered a significant year-on-year drop. In the second half of the year, with the COVID-19 pandemic gradually under control and toll collection returned to normal, toll income quickly returned to and slightly exceeded the amount recorded in the corresponding period of last year.

During the Reporting Period, the expressway segment achieved toll income of RMB1,010,206,000, representing a year-on-year decrease of 19.6% (2019 (restated): RMB1,255,926,000). In particular, Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Qiongming Expressway and Chengdu Airport Expressway recorded daily weighted average traffic volume[Note 1] of 40,051, 61,085, 57,048, 12,591 and 43,510, representing a decrease of 1.7%, an increase of 14.2%, a decrease of 3.1%, a decrease of 19.3% and a decrease of 3.2% from 2019, respectively; and toll income of RMB225,402,000, RMB217,360,000, RMB333,490,000, RMB122,205,000 and RMB111,749,000, representing a decrease of 26.8%, a decrease of 8.8%, a decrease of 23.1%, a decrease of 8.2%[Note 2] and a decrease of 21.6% from 2019, respectively.

During the Reporting Period, due to the COVID-19 pandemic and the Toll Waiver Policy of the MOT, the primary key factors that affected the toll income and traffic volume of the expressways of the Group, as well as the construction projects, five expressways of the Group recorded varied performances. Chengpeng Expressway maintained a significant increase in traffic volume attributable to traffic redirection following the renovation and expansion project of the old Chengpeng Expressway. Qiongming Expressway recorded a drastic year-on-year decline in traffic volume attributable to a decrease in traffic lanes for road surface renovation during the Reporting Period. Chengwenqiong Expressway recorded a decline in traffic volume as it is connected to Qiongming Expressway, therefore indirectly subject to the road surface renovation project on Qiongming Expressway. Chengdu Airport Expressway recorded a slight decrease in traffic volume attributable to reduced flight in Chengdu Shuangliu International Airport. Chengguan Expressway recorded a slight decrease in traffic volume attributable to the renovation project on Yangxi line, Expressway-to-Expressway inter-network project and road surface renovation during the Reporting Period.

Notes:

1 In the context, traffic volume for 2020 was collected based on the period from 6 May 2020 to 31 December 2020; and that for 2019 was collected based on the period from 1 May 2019 to 31 December 2019. For details of the traffic volume, please refer to "Expressway Segment" under "Management Discussion and Analysis" in this report.

2 As Qiongming Expressway was acquired by the Group from Chengdu Expressway Construction in 2019 and Chengdu Expressway Construction completed acquisition of equity interests in Chengming Expressway Company on 7 May 2019, the Group consolidated the results of Qiongming Expressway recorded from May to December 2019 into its financial statements for 2019. Qiongming Expressway registered toll income of RMB133,171,000 from May to December 2019, and RMB122,205,000 from January to December 2020, a decrease of 8.2% compared with RMB133,171,000.

Energy Segment

The Company completed acquisition of 94.49% equity interests in Energy Development Company on 12 August 2020, upon which, the energy segment was consolidated into the Group. During the Reporting Period, demand for refined oil shrank due to the COVID-19 pandemic and domestic refined oil traded at low prices. Under the combined impact of the COVID-19 pandemic and price fluctuations, the operating results of the energy segment recorded a drop from the previous year and suffered a "V"-shaped curve for the whole year as is the case of the expressway segment.

During the Reporting Period, the energy segment achieved operating revenue of RMB898,522,000 (2019 (restated): RMB1,045,458,000), representing a year-on-year decrease of 14.1%.

Diversified Business Expansion and Intensifying Core Competitiveness

The Company accelerated business expansion to cope with the shock caused by COVID-19 pandemic to the business of the Group. During the Reporting Period, the Group focused on expanding the principal business and proactively explored new and reliable growth drivers to mitigate risks from single operation in the strategy of nurturing "expressway +" industries. On 4 March 2020, the Company entered into the Project Investment Agreement with the Pidu District Government, pursuant to which, Pidu District Government undertakes to provide project supporting infrastructure, and to offer preferential policies including the industrial talent programs and other incentives, and the Company undertakes to invest in the construction of a Class B expressway service area in proximity to Ande Toll Station (near K22 of Chengguan Expressway) within Pidu District. To such end, the Company established Zhenxing Company as the project company to be responsible for investment and construction of Ande service area. In February 2021, phase I construction of the project had been initiated. On 12 August 2020, the Company successfully acquired 94.49% equity interests of Energy Development Company to newly establish the energy segment and conduct retail business of refined oil through Energy Development Company and retail business of CNG through the joint venture and associates of Energy Development Company. On 8 December 2020, the Company won the tenders for the operation and management business of Chengdu Tianfu International Airport Expressway ("Tianfu Airport Expressway") and Pujiang-Dujiangyan Section of Chengdu Economic Zone Ring Expressway ("Pudu Expressway") and secured operation and management contracts of a total amount of approximately RMB76,347,000 per annum and for a term of two years.

Through the above efforts, the Company further expanded asset scale and revenue sources, and increased backlog for future development, which intensified its core competitiveness.

On-going Optimisation of Operation and Management to Materialise Cost Reduction and Efficiency Enhancement

During the Reporting Period, the Group upheld the intensive, flat and professional expressway operation management approach. On 29 April 2020, the Company established a 100%-owned subsidiary, Operation Company, which took over, among other things, toll collection, maintenance and asset operation and development of Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Qiongming Expressway and Chengdu Airport Expressway operated by the Group. The establishment and operation of Operation Company enhanced efficiency for the expressway operation and management and reduced management cost. In addition, the Group also raised the internal control concept of "practicing austerity" to cope with shock of the pandemic through strict control over costs and ensure sound financial position during the Reporting Period.

During the Reporting Period, the Group continued to consolidate expressway management and service capacity and won industry recognition and honours. All of the expressways operated by the Group successfully passed the "13th five-year" national expressway maintenance and management assessment inspection organised by the MOT and received notice of commendation from the Expressway Administration Bureau of Department of Transportation of Sichuan Province. Qiongming Expressway was accepted by the Expressway Administration Bureau of Department of Transportation of Sichuan Province as an "Expressway with Good Service, Environment, Security, Maintenance and Operation". The "Ingenuity Blue" Innovation Service Team comprising 20 key expressway operation and management staff was recognised as the 7th "Most Beautiful Chinese Road Collector Team" by China Highway & Transportation Society.

OUTLOOK IN 2021

Leveraging the endeavours made in 2020, the COVID-19 pandemic has been effectively controlled in China and macro-economy registered a rapid recovery. In 2020, GDP of the whole nation, Sichuan Province and Chengdu recorded a year-on-year increase of 2.3%, 3.8% and 4.0%, respectively and it is expected that steady and progressive growth will be maintained in 2021. Meanwhile, the 14th five-year plan of the national economy and social development (the "14th Five-Year Plan") will roll out commencing from 2021, and the dual-city economic circle strategy for Chengdu and Chongqing, the transportation integration strategy for Chengdu and Chongqing, and the development strategy of "one trunk with multiple branches and coordinated development among five districts" for Sichuan Province and other regional material development strategies are advancing smoothly. Chengdu of Sichuan Province, where the Group domiciles, is located at the heart of such development strategies and the industry in which the Group operates is also closely related to such strategies. The Group expects that, in-depth implementation of the development strategies will facilitate the Group to expand operations and consolidate operating results.

CHAIRMAN'S STATEMENT

With respect to expressway segment, the Group will leverage the management platform of Operation Company, continue to promote intensive, flat and professional operation and management over expressways operated by it, achieve cost reduction and efficiency enhancement and enhance its principal business. Meanwhile, tapping into the operation business of Tianfu Airport Expressway and Pudu Expressway, the Group will accumulate market-oriented management experience and industry reputation, so as to earnestly forge the "Chengdu Expressway" management brand. In addition, we will attach great importance to the policies of the state, Sichuan Province and Chengdu under the 14th Five-Year Plan and quality road assets and extension business available on the market arising from such polices, in a bid to capture policy dividend and maintain sustainable development of the Group.

With respect to energy segment, the Group will steadily bring into play backlog resources, proactively secure our foothold in the "eastward exploration" regions in Chengdu and establish new oil and gas stations while improving existing refined oil retail service capabilities. Meanwhile, the Group will follow the national energy structure adjustment policies and focus on hydrogen energy and other new energy businesses, striving to create new revenue and profit growth drivers.

The Group will remain dedicated to the commitments made at listing, build itself into a quality listed enterprise with remarkable results and create greater value for the Shareholders.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend gratitude to our Shareholders, customers, partners, the management and all of the employees for their support.

Xiao Jun
Chairman
Chengdu, the PRC, 25 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF THE GROUP'S OPERATING RESULTS

	2020 *RMB'000*	2019 *RMB'000* (Restated)
Revenue	**2,014,344**	2,301,384
Including:		
Toll income	**1,010,206**	1,255,926
Sales of refined oil	**898,522**	1,045,458
Construction revenue in respect of service concession arrangements	**105,616**	–
Profit before tax	**430,790**	681,528
Total comprehensive income for the year attributable to owners of the Company	**344,509**	485,198
Earnings per Share attributable to ordinary equity holders of the Company – Basic and diluted	**RMB0.208**	RMB0.296

SUMMARY OF THE GROUP'S FINANCIAL POSITION

	As at 31 December 2020 *RMB'000*	As at 31 December 2019 *RMB'000* (Restated)
Total assets	**9,067,406**	9,334,119
Total liabilities	**4,895,496**	4,599,564
Non-controlling interests	**891,764**	872,616
Equity attributable to owners of the Company	**3,280,146**	3,861,939

Note: Data for 2019 under "Management Discussion and Analysis" in this report were restated.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

The Group is primarily engaged in toll collection, maintenance and repair of the expressways operated by it, as well as management and operation of petrol stations and gas stations in its daily operations.

During the Reporting Period, the Group operated a total of five expressways, including Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Chengdu Airport Expressway and Qiongming Expressway under the expressway segment and 22 petrol stations and one gas station (one petrol station and one gas station did not commence operation during the Reporting Period) under the energy segment.

As a result of the COVID-19 pandemic, the Group achieved revenue of RMB2,014,344,000 during the Reporting Period, representing a year-on-year decrease of RMB287,040,000 from 2019, including revenue from the expressway segment of RMB1,010,206,000, accounting for 50.2% of the total revenue for 2020, and revenue from the energy segment of RMB898,522,000, accounting for 44.6% of the total revenue for 2020. The table below sets forth an analysis of revenue generated by the Group during the Reporting Period:

	2020 ***RMB'000***	2019 *RMB'000* (Restated)
Revenue from expressway segment		
Chengguan Expressway	**225,402**	307,940
Chengpeng Expressway	**217,360**	238,312
Chengwenqiong Expressway	**333,490**	433,933
Chengdu Airport Expressway	**111,749**	142,570
Qiongming Expressway	**122,205**	133,171*Note*
Toll income	**1,010,206**	1,255,926
Construction revenue in respect of service concession arrangements	**105,616**	–
Revenue from energy segment		
Sales of refined oil	**898,522**	1,045,458
Total revenue	**2,014,344**	2,301,384

Note: RMB133,171,000 represented toll income of Qiongming Expressway recorded from May to December 2019, while toll income of Qiongming Expressway recorded throughout 2019 amounted to RMB189,953,000.

Expressway Segment

Pursuant to the Notice on Resumption of Toll Collection on Toll Roads of the Ministry of Transport (《交通運輸部關於恢復收費公路收費的公告》) published at the night of 28 April 2020 by the MOT, with approval from the State Council, toll charge of toll roads has been resumed from 00:00 on 6 May 2020. Set out below is the traffic volume of each expressway of the Group recorded during the period from 6 May 2020 to 31 December 2020 (the "Toll Resumption Period"):

	Daily weighted average traffic volume (vehicle)		
Toll expressway	**6 May 2020 to 31 December 2020**	1 May 2019 to 31 December 2019	Year-on-year increase/ (decrease)
Chengguan Expressway	**40,051**	40,749	(1.7%)
Chengpeng Expressway	**61,085**	53,503	14.2%
Chengwenqiong Expressway	**57,048**	58,845	(3.1%)
Chengdu Airport Expressway	**43,510**	44,934	(3.2%)
Qiongming Expressway	**12,591**	15,608	(19.3%)
Total	**214,285**	213,639	0.3%

Details of toll income and traffic volume of expressways operated by the Group are set out below:

During the Reporting Period, toll income of the expressways operated by the Group recorded a decline from 2019, primarily attributable to the COVID-19 pandemic and Toll Waiver Policy of the MOT. In particular, (i) Chengguan Expressway, Chengwenqiong Expressway and Chengdu Airport Expressway suffered significant headwinds with a decrease in toll income of RMB82,538,000, RMB100,443,000 and RMB30,821,000, or 26.8%, 23.1% and 21.6%, respectively, from 2019; (ii) Chengpeng Expressway recorded a decrease in toll income of RMB20,952,000, or 8.8%, from 2019, (iii) Chengdu Expressway Construction acquired the 100% equity interests of Chengming Expressway Company in May 2019 and the Company acquired 51% equity interests in Chengming Expressway Company from Chengdu Expressway Construction in December 2019. Due to business combination under common control, operating results of Chengming Expressway Company from May to December 2019 were consolidated into the financial statements of the Group for 2019. Qiongming Expressway recorded toll income of RMB122,205,000 throughout 2020 and RMB133,171,000 for May to December 2019, a decrease of RMB10,966,000, or 8.2%.

During the Toll Resumption Period, overall traffic volume of the expressways operated by the Group recorded a slight year-on-year increase. In particular, (i) Chengpeng Expressway recorded an increase in traffic volume benefited from redirection of certain freight vehicles following renovation and expansion of old Chengpeng Expressway; (ii) Chengguan Expressway recorded a decline in traffic volume due to the renovation project on Yangxi line, the Expressway-to-Expressway inter-network project and road surface renovation; (iii) Qiongming Expressway recorded a decline in traffic volume due to a decrease in traffic lanes for whole line renovation project; (iv) Chengwenqiong Expressway recorded a decline in traffic volume as it is connected to Qiongming Expressway and indirectly subject to the renovation project on Qiongming Expressway; and (v) Chengdu Airport Expressway recorded a slight decrease in traffic volume due to reduced flights at Chengdu Shuangliu International Airport.

Construction revenue in respect of service concession arrangements reached RMB105,616,000, a year-on-year increase of RMB105,616,000, primarily attributable to the renovation projects of Chengguan Expressway and Qiongming Expressway during the Reporting Period. Such construction revenue was non-recurring in nature and relates solely to the upgrading or expansion projects undertaken by the Group rather than provision of construction services to third parties and the construction revenue in respect of service concession arrangements recognised equals the construction cost incurred for the same period.

Energy Segment

During the Reporting Period, revenue of the energy segment reached RMB898,522,000, a decrease of RMB146,936,000, or 14.1%, from 2019, primarily attributable to a continuous drop in domestic oil price and therefore a decrease in overall operating revenue.

COST OF SALES

During the Reporting Period, cost of sales of the Group primarily included cost of sales of refined oil, depreciation and amortisation, staff remuneration, construction cost in respect of service concession arrangements and expressway maintenance and repair. During the Reporting Period, the Group's cost of sales was RMB1,350,097,000, representing a year-on-year decrease of 5.5% as compared with RMB1,428,873,000 for the same period in 2019, which was primarily attributable to (i) an increase in construction cost in respect of service concession arrangements of RMB105,616,000 from 2019 due to renovation projects of Chengguan Expressway and Qiongming Expressway in 2020; (ii) a decrease in cost of sales of refined oil of Energy Development Company by RMB153,918,000 in 2020 from 2019 given the drop in domestic refined oil prices; and (iii) a decrease in staff cost resulting from waiver of social insurance contributions from February to December 2020 following the Measures for Temporary Reduction and Exemption of Enterprise Social Insurance Contributions in Sichuan Province (《四川省階段性減免企業社會保險費實施辦法》) (Chuan Ren She Fa [2020] No. 1) issued by the Department of Human Resources and Social Security of Sichuan Province and other four departments on 4 March 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

GROSS PROFIT AND GROSS PROFIT MARGIN

During the Reporting Period, gross profit of the Group's operations amounted to RMB664,247,000 (2019: RMB872,511,000) and gross profit margin was 33.0% (2019: 37.9%), representing a year-on-year decrease of 4.9%.

During the Reporting Period, gross profit of toll income was RMB486,716,000, and gross profit margin of toll income was 48.2% (2019: 55.9%), a year-on-year decrease of 7.7 percentage points, primarily attributable to a decrease in toll income as affected by the COVID-19 pandemic and Toll Waiver Policy of the MOT. Gross profit of retail of refined oil under the energy segment was RMB177,531,000, and gross profit margin of retail of refined oil was 19.8% (2019: 16.3%), a year-on-year increase of 3.5 percentage points, primarily attributable to slower decrease in selling price than that in purchase price of refined oil.

ADMINISTRATIVE EXPENSES

During the Reporting Period, the Group incurred administrative expenses of RMB90,955,000 (2019: RMB101,647,000), representing a year-on-year decrease of 10.5%, which was mainly attributable to reward of RMB8,000,000 received from government authorities, which was used to offset administrative expenses on a net basis and a decrease in staff cost resulting from waiver of social insurance contributions from February to December 2020 following the Measures for Temporary Reduction and Exemption of Enterprise Social Insurance Contributions in Sichuan Province (《四川省階段性減免企業社會保險費實施辦法》) (Chuan Ren She Fa [2020] No. 1) issued by the Department of Human Resources and Social Security of Sichuan Province and other four departments on 4 March 2020.

During the Reporting Period, the employee benefit expenses (including salary and social security expenses) and depreciation and amortisation amount of the Group were RMB65,222,000 (2019: RMB68,272,000) and RMB7,806,000 (2019: RMB8,080,000), respectively.

OTHER EXPENSES

During the Reporting Period, the Group incurred other expenses of RMB57,381,000 (2019: RMB14,875,000), representing a year-on-year increase of RMB42,506,000, which was primarily attributable to impairment loss fully provided on other receivables due from Chengdu Petroleum Corporation ("Petroleum Corporation") of RMB45,751,000 in 2020 as disclosed in the circular of the Company dated 10 July 2020, leading to an increase in other expenses.

SHARE OF PROFIT OF ASSOCIATES

During the Reporting Period, the Company recognised share of profit of associates of RMB30,961,000 (2019: RMB20,385,000) arising from its 40%, 25%, 43%, 30% and 47.49% equity interests in Chengbei Exit Expressway Company, Chengdu Jiaoyun Compressed Natural Gas Development Co., Ltd., Chengdu Jiuhe Oil Management Co., Ltd., Chengdu Tongneng Compressed Natural Gas Co., Ltd. and Zhongyou Jieneng, respectively, a year-on-year increase of 51.9%, primarily attributable to turnaround from loss in 2019 to profit in 2020 recorded by Chengbei Exit Expressway Company following resumption of toll collection from 6 May 2020, leading to an increase in share of profit of Chengbei Exit Expressway Company of RMB12,154,000 arising from the Company's equity interests therein recognised in 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

During the Reporting Period, the total comprehensive income for the year attributable to owners of the Company was RMB344,509,000 (2019: RMB485,198,000), representing a year-on-year decrease of 29.0%, primarily due to impact of the COVID-19 pandemic and Toll Waiver Policy of the MOT. Basic and diluted earnings per Share were RMB0.208 (2019: RMB0.296) during the Reporting Period, representing a year-on-year decrease of RMB0.088.

ASSETS AND LIABILITIES OVERALL CONDITIONS

As at the end of the Reporting Period, total assets of the Group amounted to RMB9,067,406,000 (2019: RMB9,334,119,000), representing a decrease of 2.9% from the end of 2019. The Group's total assets mainly consist of service concession rights in respect of Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Qiongming Expressway and Chengdu Airport Expressway. The above assets accounted for 63.7% of the Group's total assets. Cash and cash equivalents and other assets accounted for 19.4% and 16.9% of total assets, respectively.

As at the end of the Reporting Period, total liabilities of the Group amounted to RMB4,895,496,000 (2019: RMB4,599,564,000), representing an increase of 6.4% from the end of 2019.

BORROWINGS AND REPAYMENT CAPACITY

As at the end of the Reporting Period, total liabilities of the Group amounted to RMB4,895,496,000 (2019: RMB4,599,564,000), of which 66.7% (2019: 65.5%) represented bank and other borrowings while 25.5% (2019: 24.8%) represented amounts payable to suppliers.

As at the end of the Reporting Period, total interest-bearing borrowings of the Group amounted to RMB3,264,268,000 (2019: RMB3,014,717,000), of which RMB3,182,500,000 represented bank borrowings and RMB81,768,000 represented other borrowings, 93.4% of the interest-bearing borrowings are not repayable within one year.

As at the end of the Reporting Period, bank borrowings of the Group carried an annual interest rate ranging from 3.66% to 4.41%. Other borrowings carried a fixed annual interest rate of 4.90%.

During the Reporting Period, total finance cost of the Group amounted to RMB136,439,000 (2019: RMB136,156,000). Earnings before interest and tax amounted to RMB567,229,000 (2019: RMB817,684,000) and therefore interest coverage ratio (earnings before interest and tax divided by interest expenses) was 4.2 (2019: 6.0).

As at the end of the Reporting Period, gearing ratio of the Group (being total liabilities divided by total assets) was 54.0% (2019: 49.3%).

BORROWING RATIO

Being a measurement of financial leverage, borrowing ratio is calculated as net debt divided by "total equity and net debt". Net debt refers to interest-bearing bank and other loans minus cash and cash equivalents, not including liabilities for working capital. Equity includes equity attributable to owners of the Group and non-controlling interests. As at the end of the Reporting Period, the borrowing ratio of the Group was 26.5% (2019: 22.1%).

CAPITAL EXPENDITURE COMMITMENTS AND UTILISATION

During the Reporting Period, capital expenditure of the Group amounted to RMB141,676,000 (2019 (restated): RMB110,438,000). Out of the total capital expenditure of the Group, RMB105,616,000 was used for renovation projects of Chengguan Expressway and Qiongming Expressway, RMB35,088,000 was used for equipment purchase and reformation and RMB972,000 for other intangible assets.

As at the end of the Reporting Period, total capital expenditure commitments of the Group amounted to RMB40,437,000, of which RMB7,025,000 was incurred from the purchase and reformation of equipment and facilities for Chengwenqiong Expressway, RMB28,306,000 was land-related capital expense committed by Zhenxing Company, and RMB5,106,000 was fixed assets-related capital expenses committed by Zhenxing Company for establishment of service area and by Energy Development Company and Chengdu Zhongyou Energy Co., Ltd. for establishment of petrol stations and gas stations. The Group will prioritise internal resources to fund the above capital expenditure commitments.

LIQUIDITY AND CAPITAL RESOURCES

The Group focuses on maintaining a reasonable capital structure and continuously improving its profitability in order to maintain good credit standing and sound financial position.

As at the end of the Reporting Period, total current assets of the Group amounted to RMB1,923,149,000 (2019: RMB2,107,790,000), of which: (i) cash and cash equivalents were RMB1,759,686,000 (2019: RMB1,674,850,000), accounting for 91.5% (2019: 79.5%) of current assets; (ii) trade receivables were RMB68,617,000 (2019: RMB51,606,000), accounting for 3.6% (2019: 2.4%) of current assets; (iii) prepayments, other receivables and other assets were RMB40,288,000 (2019: RMB349,026,000), accounting for 2.1% (2019: 16.6%) of current assets; and (iv) inventories were RMB54,558,000 (2019: RMB32,308,000), accounting for 2.8% (2019: 1.5%) of current assets.

As at the end of the Reporting Period, current ratio (current assets divided by current liabilities) of the Group was 127.6% (2019: 145.3%). The decrease of the current ratio was primarily due to (i) an increase in current liabilities as a result of the recorded but unsettled construction payment for the completed road surface renovation projects of Chengguan Expressway and Qiongming Expressway; and (ii) a decrease in current assets due to acquisition of long-term assets with cash.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets out certain information about the Group's consolidated statements of cash flows for the years ended 31 December 2020 and 2019:

	Year ended 31 December			
	2020		2019	
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Cash and cash equivalents presented in the consolidated statements of cash flows at the beginning of the year		**1,287,293**		1,085,814
Net cash flows from operating activities	**996,883**		1,154,480	
Net cash flows from/(used in) investing activities	**191,155**		(808,610)	
Net cash flows used in financing activities	**(843,681)**		(144,391)	
Net increase in cash and cash equivalents		**344,357**		201,479
Cash and cash equivalents presented in the consolidated statements of cash flows at the end of the year		**1,631,650**		1,287,293
Analysis of balances of cash and cash equivalents				
Cash and cash equivalents as stated in the consolidated statement of financial position		**1,759,686**		1,674,850
Time deposits with original maturity of over three months		**(128,036)**		(387,557)
Cash and cash equivalents as stated in the consolidated statements of cash flows		**1,631,650**		1,287,293

Net cash flows from operating activities: During the Reporting Period, net cash flows from operating activities of the Group amounted to approximately RMB996,883,000, compared to approximately RMB1,154,480,000 in 2019, representing a year-on-year decrease of RMB157,597,000, or 13.7%, primarily attributable to (i) a decrease in revenue from toll income and refined oil recorded in 2020 from 2019 of RMB392,656,000 due to the impact of the COVID-19 pandemic, the Toll Waiver Policy of the MOT and drop in domestic oil prices; (ii) an increase in government grants of RMB47,729,000 in 2020 from 2019; (iii) construction fees payable of RMB350,000,000 received for projects where the Group acted as agency, RMB226,631,000 of which had been paid and RMB123,369,000 remained to be paid, leading to an increase in cash inflows of RMB123,369,000 in 2020 from 2019; and (iv) a decrease in cash outflow of RMB23,643,000 due to increase in payables.

Net cash flows from/(used in) investing activities: During the Reporting Period, net cash flows from investing activities of the Group were approximately RMB191,155,000, as compared to net cash flow used in investing activities of approximately RMB808,610,000 in 2019, which was mainly due to (i) an increase in cash outflow due to acquisition of Chengming Expressway Company in 2019 and cash outflow decreased by RMB373,312,000 in 2020 from 2019; and (ii) an increase in cash inflow of RMB567,078,000 due to a decrease in time deposits with original maturity of over three months.

Net cash flows used in financing activities: During the Reporting Period, net cash flows used in the Group's financing activities were approximately RMB843,681,000, compared to approximately RMB144,391,000 in 2019, representing a year-on-year increase of RMB699,290,000, or 484.3%, primarily attributable to (i) a decline in cash inflow of RMB864,403,000 as a result of no more fund-raising activity through share issuance following the Global Offering in 2019; (ii) increase in repayment of bank and other borrowings of RMB725,874,000 during the Year from last year; (iii) capital injection of non-controlling shareholders of subsidiaries of RMB44,852,000; (iv) increase in proceeds from bank borrowings of RMB1,533,000,000 from last year; (v) a decrease in cash outflow of RMB18,341,000 due to nil dividends paid to the then shareholders of a subsidiary acquired through business combination under common control in 2020; and (vi) an increase in cash outflow of RMB727,570,000 due to acquisition of Energy Development Company in 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

NET PROCEEDS FROM GLOBAL OFFERING AND UTILISATION

The Company issued 400,000,000 H Shares in Global Offering which were listed on the Main Board of the Stock Exchange on 15 January 2019, and issued 56,102,000 H Shares upon partial exercise of the over-allotment option which were listed on the Main Board of the Stock Exchange on 12 February 2019. The net proceeds from the initial public offering of new Shares and the issue of over-allotment Shares amounted to HK$931.5 million (equivalent to approximately RMB802.5 million), which have been fully utilised in accordance with the purposes set out in the Prospectus as of the Reporting Date (plans regarding acquiring or investing in one high-quality expressway and establishing new business segments or acquiring other complementary business have been accomplished within two years after listing as scheduled). Details of the use of proceeds are set out below:

	Net proceeds from the Global Offering and utilisation					
	Percentage of the net proceeds from the Global Offering	Amount available for utilisation as at the beginning of the Reporting Period	Amount utilised during the Reporting Period	Amount utilised as of the Reporting Date	Remaining amount	Expected timetable for utilisation
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	
Acquiring or investing in one high-quality expressway	70%	76,573	76,573	561,716	–	N/A
Establishing new business segments or acquiring other complementary business	10%	80,245	80,245	80,245	–	N/A
Improving the operational efficiency of expressways	10%	69,472	26,645	80,245	–	N/A
General corporate and working capital purposes	10%	40,557	40,557	80,245	–	N/A
Total	100%	266,847	224,020	802,451	–	

Note 1: Net proceeds as set out in the Prospectus are on an expected basis while net proceeds as set out in this report represent the sum of the issued capital and share premium finally included in the Group's account upon completion of the over-allotment offering.

Note 2: As of 31 December 2020, balance of unutilised proceeds allocated for "improving the operational efficiency of expressways" was RMB42,827,000, which had been fully utilised according to the intended purpose as at the Reporting Date. The remaining net proceeds from the Global Offering had been fully utilised according to respective intended purposes during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

The Company entered into the Share Transfer Agreement with Chengdu Communications Investment on 25 May 2020, pursuant to which, the Company agreed to acquire and Chengdu Communications Investment agreed to dispose of 94.49% equity interests of Energy Development Company held by it at a cash consideration of RMB727,570,000, of which RMB367,570,000 was financed with self-owned funds and RMB360,000,000 was financed with a bank loan. The acquisition was considered and approved by the independent shareholders of the Company on 7 August 2020 and was completed on 12 August 2020. Energy Development Company became a direct non-wholly-owned subsidiary of the Company. For details of the acquisition, please refer to the announcements of the Company dated 25 May 2020, 7 August 2020 and 12 August 2020 as well as the circular of the Company dated 10 July 2020.

Save as disclosed in this report, during the Reporting Period, the Company did not make any material acquisitions and disposals of subsidiaries, associates or joint ventures, nor did it hold any significant investments.

PLEDGE OF ASSETS

As at the end of the Reporting Period, the service concession arrangements of Chengwenqiong Expressway with a net carrying amount of RMB1,070,956,000 (2019: RMB1,140,153,000) were pledged to secure bank loans and other loans of RMB580,000,000 (2019: RMB601,000,000), the service concession arrangements of Chengpeng Expressway with a net carrying amount of RMB1,267,784,000 (2019: RMB1,337,828,000) were pledged to secure bank loans of RMB283,000,000 (2019: RMB303,000,000), and the service concession arrangements of Qiongming Expressway with a net carrying amount of RMB2,383,471,000 (2019: RMB2,369,666,000) were pledged to secure bank loans of RMB1,767,500,000 (2019: RMB1,114,157,000).

As at the end of the Reporting Period, pledged deposits with a net carrying amount of RMB15,269,000 (2019: nil) were used as deposits for the operating business of Tianfu Airport Expressway and Pudu Expressway, including deposits of RMB8,211,000 for Tianfu Airport Expressway and RMB7,058,000 for Pudu Expressway.

EXCHANGE RATE FLUCTUATION RISK

The Group currently does not engage in hedging activities that are designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange movements to maximise the Group's cash value.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

On 4 June 2018, Communications Investment Energy was involved in a contract dispute arising from a forged trade receivable document composed by Petroleum Corporation for an amount of approximately RMB73,989,000. Petroleum Corporation is a subsidiary of Chengdu Huaguan Industrial Co., Ltd. As at the date of this report, the litigation is still unsettled. The Directors, based on the advice from the Group's legal counsel, believe that Communications Investment Energy has a valid defence against the lawsuit. In addition, Chengdu Communications Investment has irrevocably undertaken in writing to the Company, if, following the completion of the acquisition of Energy Development Company, the court ruled that Communications Investment Energy shall assume legal responsibilities, Chengdu Communications Investment shall fully compensate the actual losses thus incurred to the Group. Accordingly, the Directors have not provided for any loss arising from litigation, other than the related legal costs. Save as disclosed above, the Group did not have any significant contingent liabilities, nor did it provide any guarantees for related parties.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical Details of Directors

The table below sets forth the biographical details of Directors:

Name	Position	Commencement date of office *(Note 1)*
Mr. Xiao Jun	Non-executive Director	21 November 2016 – Up to now
	Chairman of the Board	9 December 2016 – Up to now
Mr. Yang Tan *(Note 2)*	Executive Director	11 June 2020 – Up to now
	General Manager	16 April 2020 – Up to now
Mr. Zhang Dongmin	Executive Director	9 May 2018 – Up to now
Ms. Wang Xiao	Executive Director	21 November 2016 – Up to now
	Deputy General Manager	9 December 2016 – Up to now
Mr. Luo Dan	Executive Director	21 November 2016 – Up to now
	Chief Accountant	9 December 2016 – Up to now
Mr. Yang Bin	Non-executive Director	9 May 2018 – Up to now
Mr. Shu Wa Tung, Laurence	Independent non-executive Director	21 November 2016 – Up to now
Mr. Ye Yong	Independent non-executive Director	21 November 2016 – Up to now
Mr. Li Yuanfu	Independent non-executive Director	21 November 2016 – Up to now

Notes:

1. The commencement dates of the term of office represent the dates when these persons first assumed the positions listed in the table. For details of their other positions, please refer to the following. Re-election of the second session of the Board had been completed on 11 June 2020. For details, please refer to the announcement of the Company dated 11 June 2020.

2. On 16 April 2020, the Board resolved to appoint Mr. Yang Tan as the General Manager of the Company. The appointment of Mr. Yang Tan as an executive Director of the second session of the Board was approved at the annual general meeting of the Company held on 11 June 2020.

3. During the Reporting Period, Mr. Tang Fawei served as an executive Director and General Manager of the Company from 1 January 2020 to 16 April 2020. On 16 April 2020, due to work change, Mr. Tang Fawei resigned as an executive Director, member and chairman of the Strategy and Development Committee under the Board and the General Manager of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Xiao Jun (肖軍), Chairman of the Board and Non-executive Director

Mr. Xiao Jun, aged 54, has served as the chairman and a director of Chengguan Expressway Company since April 2016, a non-executive Director of the Company since November 2016 and the chairman of the Board and the chairman of the Nomination Committee of the Company since December 2016. Set forth below are the key biographies of Mr. Xiao:

- the operation group leader and deputy secretary of the Party branch in the road situation team of the Highway Bureau of Department of Transportation of Sichuan Province (四川省交通廳公路局路況隊), where he was responsible for road condition survey, exploration and design from July 1988 to May 1992;
- a deputy team leader of the technical team of the Ala Road construction in Republic of Yemen aided by the PRC (中國援建也門人民共和國阿拉公路技術組) from May 1992 to May 1994;
- the operation group leader and deputy secretary of the Party branch in the road situation team of the Highway Bureau of Department of Transportation of Sichuan Province (四川省交通廳公路局路況隊), where he was responsible for road condition survey, exploration and design from May 1994 to September 1997;
- a project staff in the office of important construction projects in Chengdu Municipal Transportation Bureau, where he was responsible for coordination of construction of Chengya Expressway and Chengpeng Expressway and served as the site commander of the Chengpeng Expressway Construction Command (成彭高速公路建設指揮部) from September 1997 to November 2000;
- a deputy chief of the Division of Highway Management of Chengdu Municipal Transportation Bureau from November 2000 to July 2004;
- a director, deputy executive general manager and general manager of Chengdu Expressway Construction from July 2004 to March 2007;
- the chief engineer and deputy general manager of Chengdu Communications Investment from March 2007 to August 2014;
- a director and chief engineer of Chengdu Communications Investment from August 2014 to December 2017; and
- the vice chairman of the board of directors of Chengdu Communications Investment since December 2017.

Mr. Xiao graduated with a major in road and bridge engineering from Road Engineering Department of Chongqing Jiaotong College in July 1988. He graduated with a major in traffic and civil engineering from Chongqing Jiaotong College in July 1998. Mr. Xiao was qualified as a senior engineer by Chengdu Professional Title Reform Leading Group (成都市職稱改革工作領導小組) in March 2004.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Yang Tan (楊坦), Executive Director and General Manager

Mr. Yang Tan, aged 55, has been the General Manager of the Company since April 2020, and an executive Director and chairman of the Strategy and Development Committee of the Company since June 2020. Set forth below are the key biographies of Mr. Yang:

- a staff member of North Gate Station of Chengdu Motor Transport Company (成都市汽車運輸公司) from July 1988 to May 1990;

- a deputy director of the General Manager Office of Chengdu Motor Transport Corporation (成都市汽車運輸總公司) from May 1990 to August 1993;

- a deputy general manager of Sichuan Tonglian Rare Animal Breeding Co., Ltd. (四川通聯珍稀動物養殖有限公司) from August 1993 to December 1996;

- secretary to the Party branch of Baiyun Hotel of Chengdu Motor Transport Corporation and secretary to the Party branch of the Fifth Branch of Chengdu Motor Transport Corporation from December 1996 to December 1999;

- a deputy station chief and deputy general manager of Chengdu Zhaojue Transportation Co., Ltd. (成都昭覺運業有限責任公司) from December 1999 to August 2004;

- the general manager of Chengdu Chengnan Transportation Co., Ltd. (成都成南運業有限公司) from August 2004 to July 2010;

- the general manager of Chengguan Expressway Company from July 2010 to April 2016;

- secretary to the Party branch, director and general manager of Energy Development Company from April 2016 to April 2020;

- chairman and director of Operation Company since April 2020; and

- chairman and director of Chengdu Airport Expressway Company since June 2020.

Mr. Yang graduated from Chongqing Jiaotong College, majoring in transportation management engineering in July 1988.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Zhang Dongmin (張冬敏), Executive Director

Mr. Zhang Dongmin, aged 58, has served as an executive Director of the Company since June 2018. Set forth below are the key biographies of Mr. Zhang:

- a soldier in the 11th Army of the People's Liberation Army of China (中華人民共和國解放軍陸軍第十一軍團) from October 1979 to April 1982;
- the group leader of Construction Command in Chengdu Sixth Water Work (成都市自來水六廠建設指揮部) from May 1982 to September 1998;
- the section chief in the Chengdu "Five Roads One Bridge" Office (成都"五路一橋"辦公室) from October 1998 to June 2003;
- the manager of the contract management department in Chengdu Road and Bridge Operation and Management Company (成都市路橋經營管理公司) from June 2003 to December 2009;
- the department head of land security department in Chengdu Communications Investment from December 2009 to May 2017;
- the general manager of Chengwenqiong Expressway Company from May 2017 to October 2020, and the chairman of the board of directors of Chengwenqiong Expressway Company from May 2018 to October 2020;
- chairman of the board of directors of Chengming Expresway Company since December 2019;
- director and deputy general manager of Operation Company since April 2020; and
- executive director of Chengwenqiong Expressway Company since October 2020.

Mr. Zhang graduated from Correspondence College of the Party School of the Sichuan Provincial Committee of Communist Party of China (中共四川省委黨校函授學院) in June 2001 majoring in economic management. Mr. Zhang received his economist certificate in December 2006.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Wang Xiao (王曉), Executive Director and Deputy General Manager

Ms. Wang Xiao, aged 48, has served as an executive Director of the Company since November 2016 and Deputy General Manager of the Company since December 2016, mainly responsible for assisting the General Manager, managing the Audit and Supervision Department and Operation Management Department, and acting as a member of the Strategy and Development Committee. Set forth below are the key biographies of Ms. Wang:

- a staff in Agriculture Machine Bureau of Pujiang County, Sichuan Province from July 1990 to April 1996;
- deputy department head of the Communication Management Department of the Chengdu Municipal Transportation Bureau from May 1996 to January 1998;
- office director of the Communications News of the Chengdu Municipal Transportation Bureau from February 1998 to September 2002;
- deputy general manager and general manager of the Chengdu Shixianghu Traffic Hotel from September 2002 to April 2006;
- deputy general manager of Chengpeng Expressway Company from April 2006 to June 2010;
- deputy general manager of Chengguan Expressway Company from July 2010 to May 2014; and
- general manager of Chengdu Airport Expressway Company from May 2014 to June 2020 and the chairman of board of directors of Chengdu Airport Expressway Company from May 2018 to June 2020.

Ms. Wang completed the traffic and transportation planning and management courses organised by Southwest Jiaotong University from September 1999 to July 2001. Ms. Wang graduated from the Graduate School of the Central Party School of the Communist Party of China in July 2011 majoring in economics (economic management). Ms. Wang was awarded the qualification of senior engineer by Chengdu Professional Title Reform Leading Group in May 2018.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Luo Dan (羅丹), Executive Director and Chief Accountant

Mr. Luo Dan, aged 53, has served as an executive Director since November 2016 and the Chief Accountant of the Company since December 2016, mainly responsible for financial matters, assisting the General Manager and managing the finance department and contract management department, and acted as a member of the Remuneration and Evaluation Committee. Set forth below are the key biographies of Mr. Luo:

- accountant, deputy section chief and financial manager of Chengdu Chemical Engineering Company (成都市化工公司) from July 1985 to July 1998;
- manager, assistant to general manager and manager and deputy general manager of finance department of Chengguan Expressway Company from August 1998 to June 2010;
- deputy general manager and the chairman of the labor union of Chengwenqiong Expressway Company from July 2010 to October 2020;
- director of Chengpeng Expressway Company from May 2015 to October 2020;
- financial controller of Chengming Expressway Company from December 2019 to April 2020;
- director of Operation Company since April 2020;
- director of Chengming Expressway Company since May 2020;
- director of Energy Development Company since August 2020; and
- supervisor of Sichuan Intelligent Transportation System Co., Ltd. (四川智能交通系統有限責任公司) since April 2021.

Mr. Luo graduated from Chengdu Finance and Trade School (成都市財政貿易學校) in July 1985 majoring in business accounting and statistics and graduated from the Correspondence College of the Party School of Sichuan Provincial Committee of the Communist Party of China (中共四川省委黨校函授學院) in December 2004 with a bachelor's degree in economic management provided for people with a college degree. Mr. Luo was awarded the qualification of assistant political engineer by Chengdu Enterprise Ideological and Political Staff Professional Position Evaluation Leading Group in March 2019.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Yang Bin (楊斌), Non-executive Director

Mr. Yang Bin, aged 54, has served as a non-executive Director and a member of the Audit and Risk Management Committee of the Company since May 2018. Set forth below are the key biographies of Mr. Yang:

- deputy manager of asset management department in Chengdu Expressway Construction from December 1998 to July 2000;
- deputy general manager in Chengdu Xiling Snow Hill Tourism Development Co., Ltd. (成都西嶺雪山旅遊開發有限責任公司) from July 2000 to July 2002;
- deputy general manager and general manager in Chengdu Jinsha Transport Co., Ltd. (成都金沙運業有限公司) from July 2002 to May 2014;
- director and general manager in Chengpeng Expressway Company from May 2014 to April 2016;
- director and general manager in Chengdu Communications Investment Tourism Transportation Development Co., Ltd (成都交投旅遊運業發展有限公司) from April 2016 to November 2016;
- head of the Party and Masses Work Department of Chengdu Communications Investment from November 2016 to March 2018; and
- director, general manager and deputy chairman of the board of directors in Chengbei Exit Expressway Company since March 2018.

Mr. Yang obtained his bachelor's degree from Chengdu University of Science and Technology majoring in Organic Chemical Engineering in July 1988 and obtained a master's degree majoring in high polymer material from Sichuan United University in June 1994.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Shu Wa Tung, Laurence (舒華東), Independent Non-executive Director

Mr. Shu Wa Tung, Laurence, aged 48, has served as an independent non-executive Director, the chairman of the Audit and Risk Management Committee and a member of the Strategy and Development Committee of the Company since November 2016. Mr. Shu has over 20 years of experience in audit, corporate finance and financial management. Set forth below are the key biographies of Mr. Shu:

- accountant, semi-senior accountant of assurance & advisory department, senior accountant of corporate advisory services department, and senior accountant, associate manager and manager of reorganization services group of Deloitte Touche Tohmatsu from March 1994 to October 2000;

- manager of Deloitte Touche Corporate Finance Ltd (a corporate finance service company of Deloitte Touche Tohmatsu) from July 2001 to November 2002;

- associate director of Goldbond Capital (Asia) Limited from November 2002 to April 2005;

- chief financial officer and secretary to the company's board of Texhong Textile Group Limited (a company listed on the Stock Exchange, stock code: 2678) from May 2005 to July 2008, overseeing the group's financial management functions;

- chief financial officer of Jiangsu Rongsheng Heavy Industries Holding Co., Ltd (江蘇熔盛重工控股有限公司) from July 2008 to June 2010;

- chief financial officer of Petro-king Oilfield Services Limited (a company listed on the Stock Exchange, stock code: 2178) from July 2010 to July 2018;

- chief financial officer of Brainhole Technology Limited (formerly known as Top Dynamic International Holdings Limited) (a company listed on the Stock Exchange, stock code: 2203) from August 2018 to November 2019;

- chief financial officer of Huige Environmental Protection Technology Co., Ltd. (匯舸環保科技有限公司) since September 2020; and

- independent non-executive director of Riverine China Holdings Limited (a company listed on the Stock Exchange, stock code: 1417), Twintek Investment Holdings Limited (a company listed on the Stock Exchange, stock code: 6182) and Goldstream Investment Limited (a company listed on the Stock Exchange, stock code: 1328) since November 2017, December 2017 and December 2019, respectively.

Mr. Shu graduated from Deakin University, Australia in September 1994 and obtained his bachelor's degree in business majoring in accounting, and completed his CFO Programme at China Europe International Business School (中歐國際工商學院) in November 2009. Mr. Shu was accredited as a certified public accountant by Certified Practising Accountant Australia in May 1997 and accredited as a certified public accountant associate by Hong Kong Institute of Certified Public Accountants in September 1997. Mr. Shu was admitted as a member to the Hong Kong Independent Non-executive Director Association in May 2019.

Ye Yong (葉勇), Independent Non-executive Director

Mr. Ye Yong, aged 46, has served as an independent non-executive Director, a member of the Audit and Risk Management Committee, the chairman of the Remuneration and Evaluation Committee and a member of the Nomination Committee of the Company since November 2016. Mr. Ye is a professor and the head of Department of Accounting in Southwest Jiaotong University. Set forth below are the key biographies of Mr. Ye:

- a technician and the secretary of Communist Youth League general branch of Pangang Group Company from July 1994 to July 1997;
- associate professor in School of Management Science and Engineering, Guizhou University of Finance and Economics from July 2005 to July 2006;
- associate professor in School of Information Management, Chengdu University of Technology from July 2006 to March 2007;
- associate professor and professor in School of Economics and Management, Southwest Jiaotong University since March 2007; and
- providing consulting services for Sichuan Haizhi Sci-Tech Co., Ltd. (四川海之科技股份公司) and Sichuan Great Technology Co., Ltd. (四川格瑞特科技公司) successively since January 2006.

In addition, Mr. Ye has extensive experience in participating in the science projects such as the projects of National Natural Science Foundation, including:

- taking charge of the project of research and empirical analysis on the effect of invisible ultimate controlling rights of listed companies from January 2007 to December 2009;
- taking charge of the project of study on corporate governance of large state-owned enterprises after the share-trading reform from September 2007 to December 2009; and
- participating in the project of improvement of presentation of financial statements in the PRC based on salience theory from January 2014 to December 2017.

Mr. Ye graduated from Southwest Jiaotong University with a master's degree in business administration in October 2001; graduated from Southwest Jiaotong University with a doctor's degree in management science and engineering in July 2005. Mr. Ye was recognised as a peer review expert by National Natural Science Foundation in March 2007; recognised as a paper review expert by the Academic Degrees Center of Ministry of Education in December 2013; admitted as an expert in the National Science and Technology Expert Database by Ministry of Science and Technology in December 2014 and recognised as a review expert by the Planning Office of National Philosophy and Social Science in September 2015.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Li Yuanfu (李遠富), Independent Non-executive Director

Mr. Li Yuanfu, aged 58, has served as an independent non-executive Director and a member of the Nomination Committee and the Remuneration and Evaluation Committee of the Company since November 2016. Mr. Li is a professor in Southwest Jiaotong University. Set forth below are the key biographies of Mr. Li:

- teaching assistant in Southwest Jiaotong University from July 1983 to September 1987;
- lecturer, deputy department head, assistant to the dean and associate professor in School of Civil Engineering, Southwest Jiaotong University from September 1987 to June 2001;
- associate dean and professor of School of Civil Engineering, Southwest Jiaotong University from July 2001 to February 2014; and
- executive deputy head and head of the Teacher Development Center of Southwest Jiaotong University from March 2014 to March 2017.

Mr. Li has extensive experience in science research, including wining the Second Prize of Science and Technology Advancement awarded by Ministry of Railways in December 1997 and the First Prize of Science and Technology Achievement awarded by China Highway and Transportation Society in December 2011.

Mr. Li graduated from Southwest Jiaotong University in August 1983 majoring in railway engineering with a bachelor's degree in engineering; graduated from Southwest Jiaotong University in September 1989 majoring in railway engineering with a master's degree in engineering; and graduated from Southwest Jiaotong University in October 2000 majoring in road and railway engineering with a doctor's degree in engineering. Mr. Li was recognised as a professional registered consultant by Sichuan Consulting Trade Association (四川省諮詢業協會) in February 2008; appointed as a committee member of the Instructive Committee of Education of Railway Transportation and Engineering under the Ministry of Education by the Advisory Committee of University Education of Transportation and Engineering under the Ministry of Education in December 2008; appointed as the general secretary of Instructive Group of Education of Railway Transit and Bridge and Tunnel in February 2009; recognised as a famous teacher in Sichuan Province by People's Government of Sichuan Province in June 2009; recognised as one of the ninth-group leaders in academic and technical fields in Sichuan Province in July 2011.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical Details of Supervisors

The following table sets forth information regarding the Supervisors:

Name	Position	Term of office (Note 1)
Ms. Jiang Yan (Note 2)	Chairman of the Supervisory Committee *(Shareholder Representative Supervisor)*	9 May 2018 – Up to now
Ms. Wu Haiyan (Note 2)	Supervisor *(Shareholder Representative Supervisor)*	21 November 2016 – Up to now
Mr. Zhang Yi (Note 2)	Supervisor *(Shareholder Representative Supervisor)*	11 June 2020 – Up to now
Ms. Xu Jingxian (Note 3)	Supervisor *(Employee Representative Supervisor)*	17 November 2016 – Up to now
Mr. Zhang Jian (Note 3)	Supervisor *(Employee Representative Supervisor)*	17 November 2016 – Up to now

Notes:

1. The commencement dates of the term of office represent the dates when these persons first assumed the positions listed in the table. For details of their other positions, please refer to the following.

2. Appointments of shareholder representative Supervisors of the second session of the Supervisory Committee were considered and approved at the 2019 annual general meeting of the Company held on 11 June 2020 with a term of office of three years commencing from 11 June 2020. For details, please refer to the announcement of the Company dated 11 June 2020.

3. The term of office of the employee representative Supervisors of the second session of the Supervisory Committee shall be the same as that of the shareholder representative Supervisors of the second session of the Supervisory Committee, i.e. for a term of three years commencing from 11 June 2020. For details, please refer to the announcement of the Company dated 3 June 2020.

4. During the Reporting Period, Mr. Pan Xin served as a shareholder representative Supervisor from 1 January 2020 to 20 May 2020. On 20 May 2020, due to work change, Mr. Pan Xin resigned as a shareholder representative Supervisor.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Jiang Yan (蔣燕), aged 50, has served as a Supervisor since May 2018. Set forth below are the key biographies of Ms. Jiang:

- an accountant in Chongqing Yongchuan Cocoon Silk Group Company (重慶永川蠶絲集團公司) from August 1991 to June 1993;
- loan officer and deputy section chief of cashier's department in Jintang sub-branch, Chengdu branch of Bank of Communications from June 1993 to December 1995;
- director of small local branch and deputy chief of accounting division in Jintang sub-branch, Sichuan branch of Industrial and Commercial Bank of China Limited from December 1995 to August 2004;
- financial manager in Sichuan Jieshijie New Material Co. Ltd. (四川傑事傑新材料有限公司) from August 2004 to March 2008;
- supervisor of investment finance department in Chengdu Modern Agricultural Logistics Development and Investment Co., Ltd (成都市現代農業物流業發展投資有限公司) from March 2008 to March 2009;
- deputy head of board's office in Chengdu Urban and Rural Commercial Logistics Development and Investment Group Co., Ltd. (成都城鄉商貿物流發展投資 (集團)有限公司) from March 2009 to February 2011;
- vice general manager of Zhongyou Jieneng from February 2011 to May 2011;
- CFO and vice general manager of Energy Development Company from May 2011 to April 2016;
- deputy general manager of Chengdu Communications Investment Tourism Transportation Development Co., Ltd (成都交投旅遊運輸發展有限公司) from April 2016 to February 2017;
- deputy department head of the operation and management department in Chengdu Communications Investment from February 2017 to March 2018;
- deputy department head of the capital operation department in Chengdu Communications Investment from March 2018 to March 2019; and
- director of the capital operation department of Chengdu Communications Investment since April 2019.

Ms. Jiang finished her junior college courses at Sichuan Business College majoring in planning and statistics in July 1991 and graduated from Correspondence College of the Party School of Sichuan Provincial Committee of the Communist Party of China (中共四川省委黨校函授學院) in December 1997 majoring in economic management. Ms. Jiang received her economist certificate from the Ministry of Personnel of the People's Republic of China in October 1996 and the senior economist certificate issued by Chengdu Human Resources and Social Security Bureau in August 2020.

Ms. Wu Haiyan (吳海燕), aged 49, has served as a supervisor of Chengguan Expressway Company since April 2015, and has served as a Supervisor of the Company since November 2016. Set forth below are the key biographies of Ms. Wu:

- an accountant in Chengdu Expressway Construction from December 1997 to February 2007;
- an accountant in Chengdu Communications Investment from February 2007 to January 2008;
- manager and deputy general manager of finance department of Chengdu Transportation Hub and Station Construction Management Company Limited (成都交通樞紐場站建設管理有限公司) from January 2008 to February 2015; and
- head of finance department (capital center) of Chengdu Communications Investment since February 2015.

Ms. Wu finished her junior college courses at Southwest University of Finance and Economics majoring in accounting in June 1993 and graduated from Correspondence College of the Party School of the Sichuan Provincial Committee of Communist Party of China (中共四川省委黨校函授學院) in June 2009 majoring in administration management. Ms. Wu was recognised as a senior accountant by Chengdu Professional Title Reform Leading Group in May 2016.

Mr. Zhang Yi (張毅), aged 35, has served as a Supervisor since June 2020. Set forth below are the key biographies of Mr. Zhang:

- member of the construction crew of Sichuan Junxiang Construction Engineering Co., Ltd. (四川俊翔建築工程有限公司) from July 2007 to July 2008;
- supervision engineer and director representative of Sichuan Urban Construction Engineering Supervision Co., Ltd. (四川省城市建設工程監理有限公司) from August 2008 to March 2013;
- person-in-charge of the engineering department, head of the parking lot management station, senior director of the investment and development department, senior director of the operation and management department and deputy director of the operation and management department (person-in-charge) of Chengdu Expressway Construction since April 2013 and has been responsible for the overall work of the operation and management department of Chengdu Expressway Construction since December 2018;
- director of Sichuan Hongsheng International Logistics Co., Ltd. (四川宏盛國際物流有限責任公司) since March 2019;
- supervisor of Chengdu Communication Investment Tianxin Green Building Materials Co., Ltd. (成都交投天新綠色建材有限公司) since November 2019;
- director of Chengming Expressway Company since December 2019; and
- director of Chengdu Chengren Highway Development Co., Ltd. (成都成仁公路開發有限責任公司) since August 2020.

Mr. Zhang graduated from Sichuan College of Architectural Technology in June 2007, majoring in engineering supervision and from Southwest University of Science and Technology in December 2011, majoring in construction economics and management. Mr. Zhang was qualified as an engineer by Chengdu Professional Title Reform Leading Group in March 2018.

Ms. Xu Jingxian (許靜嫻), aged 43, has served as an employee representative Supervisor and manager of the Finance Department of the Company since November 2016 and was re-designated as the manager of the Audit Department of the Company from the manager of the Finance Department in March 2019. Set forth below are the key biographies of Ms. Xu:

- accountant and manager of the finance department of Chengguan Expressway Company from August 1998 to November 2016;
- supervisor of Chengwenqiong Expressway Company, Chengpeng Expressway Company and Chengdu Airport Expressway Company since May 2018;
- supervisor of Chengming Expressway Company since December 2019;
- supervisor of Zhenxing Company since February 2020;
- supervisor of Operation Company since April 2020; and
- supervisor of Energy Development Company since August 2020.

Ms. Xu graduated from Sichuan Provincial Fiscal School in July 1998 majoring in finance and accounting, and graduated from Sichuan University majoring in marketing in June 2005. Ms. Xu was recognised as a semi-senior accountant by Sichuan Province Personnel Department in October 2009. Ms. Xu obtained the qualification of senior accountant granted by Chengdu Human Resources and Social Security Bureau in July 2019.

Mr. Zhang Jian (張建), aged 53, has served as the manager of the Party and Masses Human Resources Department and an employee representative Supervisor of the Company since November 2016. Set forth below are the key biographies of Mr. Zhang:

- leader of inspection team, assistant to station master and department manager of Chengwenqiong Expressway Company from June 1994 to May 2018; and
- employee representative director without executive functions of Chengwenqiong Expressway Company from May 2015 to July 2019.

Mr. Zhang graduated with a college major in economic management from the Correspondence College of the Party School of Sichuan Provincial Committee of the Communist Party of China (中共四川省委黨校函授學院) in June 1995.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical Details of Senior Management

The following table sets forth information regarding the senior management of the Company:

Name	Position	Commencement date of office (Note 1)
Mr. Yang Tan	General Manager	16 April 2020 – Up to now
Mr. Zou Zhiquan	Chief Engineer	9 December 2016 – 17 March 2021
Ms. Wang Xiao	Deputy General Manager	9 December 2016 – Up to now
Mr. Luo Dan	Chief Accountant	9 December 2016 – Up to now
Mr. Zhang Guangwen	Secretary to the Board and Joint Company Secretary	9 December 2016 – Up to now
Mr. Pan Xin	Deputy General Manager	20 May 2020-Up to now

Notes:

1. The commencement dates of the term of office represent the dates when these persons first assumed the positions listed in the table. For details of their other positions, please refer to the following.

2. Mr. Zou ceased to be the Chief Engineer of the Company due to work change commencing from 17 March 2021.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Yang Tan, aged 54, is an executive Director and General Manager of the Company. For biographical details of Mr. Yang, please refer to the sub-section headed "Biographical Details of Directors" in this section.

Mr. Zou Zhiquan (鄒志全), aged 52, served as the Chief Engineer of the Company from December 2016 to March 2021, assisting the works of the General Manager and managing the safety engineering department. Set forth below are the key biographies of Mr. Zou:

- technician, technical manager and construction manager in the construction sites such as Chengyu Expressway, Xinjin Leshan Dajian Road and Dongzikou Overpass, project manager and chief engineer in the construction sites such as Liyutan Bridge of Liugui Expressway, Chengdu Laonanmen Bridge, A Contract Section of Longna Expressway, Chengmian Expressway Overpass of Chengdu Third Ring Road and Hubei Huangshi Yangtze River Highway Bridge from July 1991 to November 1993;

- deputy director of the Sixth Engineering Division of the Provincial Bridge Engineering Company from August 1998 to March 2003;

- person in charge of bridge in engineering department, manager of quality management department, head of general engineering department, manager of engineering management department and manager of contract and cost management department of Chengdu Road and Bridge Operation and Management Company Limited (成都市路橋經營管理有限責任公司) from November 2004 to August 2007;

- deputy general manager; secretary of the Party branch, a director, and general manager of Chengdu Road and Bridge Operation and Management Company Limited (成都市路橋經營管理有限責任公司) from August 2007 to April 2016;

- secretary of the Party branch, a director and general manager of Chengpeng Expressway Company from April 2016 to October 2020 and the chairman of the board of directors of Chengpeng Expressway Company from May 2018 to October 2020; and

- executive director of Chengpeng Expressway Company since October 2020.

Mr. Zou graduated from Nanjing College of Navigation Engineering in July 1991 majoring in construction management and engineering (foreign construction), and was recognised as a senior engineer by Chengdu Professional Title Reform Leading Group in March 2005.

Ms. Wang Xiao (王曉), aged 48, is an executive Director and Deputy General Manager of the Company. For biographical details of Ms. Wang, please refer to the sub-section headed "Biographical Details of Directors" in this section.

Mr. Luo Dan (羅丹), aged 53, is an executive Director and Chief Accountant of the Company. For biographical details of Mr. Luo, please refer to the sub-section headed "Biographical Details of Directors" in this section.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhang Guangwen (張光文), aged 45, has served as the Secretary to the Board of the Company since December 2016, managing the Office of the Board. Set forth below are the key biographies of Mr. Zhang:

- accountant and sales support staff of Sichuan Tire Rubber Group Company Limited from July 1998 to October 2003;
- auditor in Sichuan Zhongfa CPA Co., Ltd. from October 2003 to June 2007;
- auditor in Chengdu Communications Investment from June 2007 to December 2008;
- deputy manager and manager of finance department of Chengdu Communications Investment Property Company Limited from January 2009 to June 2016;
- deputy general manager of Chengguan Expressway Company from June 2016 to December 2016;
- chairman of the supervisory committee of Operation Company since April 2020; and
- director of Energy Development Company since July 2020.

Mr. Zhang graduated from Sichuan Industrial College majoring in Business Administration in July 1998 with a bachelor's degree in economics. Mr. Zhang was recognised as a certified accountant by Chinese Institute of Certified Public Accountants in April 2005.

Mr. Pan Xin (潘欣), aged 33, has served as the Deputy General Manager of the Company since May 2020 to assist the General Manager and take charge of the investment development department and of the safety engineering department from March 2021. Set forth below are the key biographies of Mr. Pan:

- director and supervisor of the investment and development department of Chengdu Communications Investment from July 2013 to August 2016;
- manager of the investment and development department of Chengdu Expressway Construction from September 2016 to May 2020;
- supervisor of the Company from November 2016 to May 2020; and
- director of Energy Development Company since July 2020.

Mr. Pan graduated from Southwest Jiaotong University majoring in traffic transportation with a bachelor's degree in engineering in June 2010, and obtained his master's degree in engineering from Southwest Jiaotong University majoring in transportation planning and management in June 2013. Mr. Pan was recognised as a logistician by China Federation of Logistics and Purchasing and the National Logistics Standardization Technical Committee in December 2011. He obtained the qualification of engineer granted by Chengdu Professional Title Reform Leading Group in December 2017 and the qualification of economist granted by Ministry of Human Resources and Social Security of the PRC in November 2018.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE STRUCTURE

The Company conducts its business strictly in accordance with the relevant laws and regulations and regulatory documents such as the Company Law and the Listing Rules as well as requirements of the Articles of Association. The Company has established an internal governance structure with well-established policies and systems which consists of the general meeting, the Board and its special committees, the Supervisory Committee and senior management.

The Board believes that high standards of corporate governance are essential to providing a framework for the Company to safeguard the interests of Shareholders of the Company, enhance corporate value, formulate business strategies and policies, and enhance transparency and accountability. The Company managed to maintain high standards of corporate governance, and each of the internal governance departments was operated independently and efficiently with its respective duties and obligations being practically fulfilled.

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code as its own corporate governance code. The Company has been in compliance with the applicable code provisions throughout the Reporting Period, except the deviation from code provision A.4.2.

As stated in code provision A.4.2, all Directors (including the Director whose tenure is designated) shall retire by turns once every three years at least. As disclosed in the announcement of the Company dated 20 November 2019, the terms of the Directors of the first session of the Board and Supervisors of the first session of the Supervisory Committee expired on 21 November 2019. As the nomination of candidates for Directors and Supervisors for the new session had not been finished at that time, to ensure the continuity of the Board and the Supervisory Committee, re-election of the members of the Board and the Supervisory Committee was postponed, and the terms of the special committees under the first session of the Board were extended correspondingly. Prior to completion of the re-election, all the members of the first session of the Board and the Supervisory Committee continued to discharge their respective responsibilities in accordance with the requirements of laws, regulations and the Articles of Association. The Company convened an annual general meeting on 11 June 2020, at which the appointments of Directors of the second session of the Board and shareholder representative Supervisors of the second session of the Supervisory Committee were approved. Appointments of the employee representative Supervisors of the second session of the Supervisory Committee also took effect on 11 June 2020. On 11 June 2020, the Board also elected chairman of the second session of the Board and appointed the chairman and members of each special committee under the second session of the Board, and the Supervisory Committee elected chairman of the second session of the Supervisory Committee.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as the code of conduct for all Directors and Supervisors in conducting securities transactions of the Company. The Company has made specific enquiries to all Directors and Supervisors, and they confirmed that they complied with the requirements of the Model Code throughout the Reporting Period.

THE BOARD

The Board performs its functions and exercises its powers in accordance with the provisions of the Articles of Association. The Board is responsible for overseeing the Company's businesses, strategic decisions and performance and should make decisions objectively in the best interests of the Company.

As at the Reporting Date, the Board comprised nine Directors, consisting of four executive Directors, two non-executive Directors and three independent non-executive Directors. The term of office of Directors shall be three years commencing from the date of election till the expiry of the current session of the Board and is renewable upon re-election. Please refer to the sub-section headed "Biographical Details of Directors" of "Biographical Details of Directors, Supervisors and Senior Management" of this annual report for information on the specific members of the Board, their terms of office and biographical information. Apart from working relationships in the Company, none of the members of the Board have any financial, business, family or other material relationships with each other.

CORPORATE GOVERNANCE REPORT

The general meetings, Board meetings and special committees meetings attended in person by the Directors during the Reporting Period are as follows:

Actual attendance/ Required attendance

	General Meeting	Board Meeting	Audit and Risk Management Committee Meeting	Nomination Committee Meeting	Remuneration and Evaluation Committee Meeting	Strategy and Development Committee Meeting
Executive Directors						
Tang Fawei						
(General Manager) Note 1	0/0	5/5	N/A	N/A	N/A	3/3
Yang Tan						
(General Manager) Note 2	2/2	16/16	N/A	N/A	N/A	3/3
Zhang Dongmin	2/2	28/28	N/A	N/A	N/A	N/A
Wang Xiao	2/2	28/28	N/A	N/A	N/A	8/8
Luo Dan	2/2	28/28	N/A	N/A	2/2	N/A
Non-executive Directors						
Xiao Jun						
(Chairman of the Board)	2/2	28/28	N/A	5/5	N/A	N/A
Yang Bin	2/2	28/28	8/8	N/A	N/A	N/A
Independent Non-executive Directors						
Shu Wa Tung, Laurence	2/2	28/28	8/8	N/A	N/A	8/8
Ye Yong	2/2	28/28	8/8	5/5	2/2	N/A
Li Yuanfu	2/2	28/28	N/A	5/5	2/2	N/A

Notes:

1 Mr. Tang Fawei resigned as an executive Director and the General Manager of the Company on 16 April 2020.

2 Mr. Yang Tan served as an executive Director of the Company commencing from 11 June 2020.

CHAIRMAN OF THE BOARD AND THE GENERAL MANAGER

The Chairman of the Board and the General Manager (who discharges the responsibilities of the chief executive officer) of the Company are held by different persons. During the Reporting Period, the Chairman of the Board was served by Mr. Xiao Jun, a non-executive Director, and the General Manager of the Company was served by Mr. Tang Fawei from 1 January 2020 to 16 April 2020, and by Mr. Yang Tan since 16 April 2020. The duties of the Chairman of the Board and the General Manager and the division of the work between them are clearly defined in writing to ensure a definite division of power and duties with clear-cut and efficient implementations of their respective duties.

The Chairman of the Board is responsible for formulating the corporate and operational strategies of the Company and ensuring the establishment of sound corporate governance practices and procedures. The General Manager is responsible for the management of the Company's business operation according to the authority delegated by the Board and the implementation of the corporate objectives and directions and risk management and internal control policies laid down by the Board.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has complied with Rules 3.10(1), (2) and 3.10A of the Listing Rules relating to appointment of independent non-executive Directors. The Board has appointed three independent non-executive Directors and at least one of them possesses appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received written confirmation letter from each of the independent non-executive Directors in respect of his independence as set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors remain independent.

TERMS OF APPOINTMENTS OF NON-EXECUTIVE DIRECTORS

Pursuant to the Articles of Association, the Directors are elected at the general meetings of the Company with a term of three years commencing from the date of election till the expiry of the current session of the Board and is renewable upon re-election. The actual terms of office of non-executive Directors should refer to the sub-section headed "Biographical Details of Directors" of "Biographical Details of Directors, Supervisors and Senior Management" of this annual report.

DUTIES OF THE BOARD

The Board is responsible for and has full power and authorities for the management and development of the Company. The functions and duties of the Board include: convening the shareholders' general meetings and to report on its work to the shareholders' general meetings; implementing the resolutions adopted by the shareholders' general meetings; determining the Company's business plans and investment plans; formulating the Company's annual plans for financial budgets and final accounts; formulating the Company's profit distribution plans and plans to cover losses; and exercising other powers, functions and duties conferred by the Articles of Association.

The Board is responsible for performing corporate governance functions, including (i) formulating and reviewing the corporate governance policies and practices of the Company; (ii) reviewing and monitoring the training and continuous professional development of the Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices in complying with legal and regulatory requirements; (iv) formulating, reviewing and monitoring codes of conduct and compliance manuals (if any) applicable to employees and the Directors; (v) ensuring that the Company establishes and maintains appropriate and effective risk management and internal control system and overseeing the design, implementation and supervision over the risk management and internal control system by the management of the Company; and (vi) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report. Regarding the performance of the aforementioned functions, during the Reporting Period, the Board has reviewed the Corporate Governance Report of the Company for 2019 and the trainings and continuous professional development undertaken by the Directors and senior management, and amended such systems as the fixed-asset management measures of the Company.

The Board delegates day-to-day operations of the Company to the management. The functions and duties of the management include: to be in charge of the Company's operation and management, to organise the implementation of the resolutions of the Board and report to the Board; to implement the Company's annual business plans and investment plans; to draft plans for the establishment of the Company's internal management organizations; to draft the Company's basic management system; to formulate the specific rules and regulations of the Company and to exercise other powers and functions granted by the Articles of Association and the Board. The Board and the management have clearly defined their powers and responsibilities under various internal control and balance mechanisms.

The Directors (including independent non-executive Directors) and Supervisors of the Company can obtain knowledge of the Company's business activities and business development trends through various channels to ensure that they can perform their duties properly. During the Reporting Period, the Company provided the following information, reports and training activities to assist Directors and Supervisors in performing their duties:

(i) proposing to the Board the annual work summary of the Company for consideration and approval, and reporting the progress of the resolutions of the Board and updates on major projects of the Company;

(ii) consulting the opinions of the non-executive Directors, independent non-executive Directors and Supervisors regarding the strategic decisions of the Company;

(iii) furnishing the Board with management statements and industry overview on a monthly basis, and the securities market regulatory news as and when appropriate;

(iv) providing the independent non-executive Directors with documents and information required to perform their duties in a timely manner; and

(v) designating lawyers to provide induction trainings for newly appointed directors, arranging for Directors to participate in the training on the Listing Rules and providing advice on regulations to Directors and Supervisors upon request to help them fully and systematically understand the Company's operations and the relevant domestic and foreign regulations and principles regarding governance.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

The Company has established procedures of training and development for Directors, Supervisors and senior management.

During the Reporting Period, all Directors have been provided with the relevant guideline materials regarding the duties and responsibilities of Directors, the relevant laws and regulations applicable to Directors and the obligations of disclosure of interests. In addition, relevant reading materials including legal and regulatory updates have been provided to the Directors for their reference and studying.

Name of Director	Theme Training Notes	Monthly Law and Regulation Updates and Regulatory Dynamics
Executive Directors		
Yang Tan *(General Manager)*	✓	✓
Zhang Dongmin	✓	✓
Wang Xiao	✓	✓
Luo Dan	✓	✓
Non-executive Directors		
Xiao Jun *(Chairman of the Board)*	✓	✓
Yang Bin	✓	✓
Independent Non-executive Directors		
Shu Wa Tung, Laurence	✓	✓
Ye Yong	✓	✓
Li Yuanfu	✓	✓

Notes:

(1) On 11 June 2020, Mr. Yang Tan, a newly appointed Director, and Mr. Zhang Yi, a newly appointed Supervisor, participated in the induction training for Directors provided by DLA Piper Hong Kong, the legal adviser of the Company as to Hong Kong law.

(2) On 7 August 2020, all of the Directors, Supervisors and senior management of the Company participated in the trainings regarding (i) basic compliance and finance management requirements; (ii) inside information management; (iii) connected transactions; (iv) risk management; and (v) internal control provided by DLA Piper Hong Kong, the legal adviser of the Company as to Hong Kong law.

(3) From 15 September 2020 to 19 September 2020, Mr. Yang Tan, Mr. Luo Dan and Mr. Yang Bin, who are Directors, Mr. Zhang Jian, a Supervisor and Mr. Zhang Guangwen, a senior management member participated in the 53rd educational forum on enhanced continuous professional development of joint members convened by Hong Kong Institute of Chartered Secretaries.

(4) On 23 October 2020, all of the Directors, Ms. Xu Jingxian and Mr. Zhang Jian, who are Supervisors, and Mr. Zhang Guangwen and Mr. Pan Xin, who are senior management members of the Company participated in the training regarding legal practice and material legal risk alert for investment, acquisitions and mergers of enterprises provided by Tahota Law Firm, the legal adviser of the Company as to PRC law.

(5) From 25 November 2020 to 27 November 2020, Mr. Xiao Jun and Ms. Wang Xiao, who are Directors, and Ms. Jiang Yan, Ms. Wu Haiyan, Ms. Xu Jingxian and Mr. Zhang Yi, who are Supervisors, participated in the 54th educational forum on enhanced continuous professional development of joint members convened by Hong Kong Institute of Chartered Secretaries.

BOARD COMMITTEES

The Board has delegated certain of its duties to various committees. In accordance with the relevant PRC laws and regulations and the provisions on corporate governance prescribed in the Listing Rules and the Articles of Association, the Company has established four Board committees to oversee particular aspects of the Company's affairs, namely the Audit and Risk Management Committee, the Nomination Committee, the Remuneration and Evaluation Committee and the Strategy and Development Committee. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authorities and duties. The terms of reference of each of the Board Committees are posted on the Company's website and the Stock Exchange's website and are available to the Shareholders upon request.

NOMINATION COMMITTEE

As at the end of the Reporting Period and up to the Reporting Date, the Nomination Committee consisted of three Directors, namely Mr. Xiao Jun (non-executive Director), Mr. Li Yuanfu (independent non-executive Director) and Mr. Ye Yong (independent non-executive Director). Mr. Xiao Jun serves as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include: (a) reviewing the structure, size and composition of the Board at least once a year on aspects of expertise, knowledge and experience, and advising on any changes to be made by the Board in response to the Company's strategies; (b) studying and advising on the standards, procedures and methods for the election of Directors and senior management members; (c) searching far and wide for qualified candidates for Directors and senior management members; (d) evaluating the eligibility of candidates for Directors and senior management members and reporting to the Board its opinions and advise on the relevant appointment; (e) reviewing the independence of the independent non-executive Directors; and (f) advising to the Board on the appointment or re-appointment of Directors and senior management members, as well as the succession plans for Directors and senior management members (especially the Chairman of the Board and General Manager). For details, please refer to the Terms of Reference of the Nomination Committee.

The nomination process of Directors of the Company is as follows: first, the Nomination Committee shall actively study the demand of the Company for new Directors and senior management, taking into account the requirements of the Board diversity policy of the Company and present such information in writing; the Nomination Committee shall seek extensively for candidates for Directors and senior management from the Company, its wholly-owned, controlled and invested enterprises and the human resources market, gather information about the occupation, academic qualifications, positional titles, detailed work experience and all the concurrent posts of the candidates and present such information in writing; second, the Nomination Committee shall obtain the consent for nomination from nominees; third, the Nomination Committee shall convene a meeting to review the qualifications of the candidates based on the criteria for Directors; fourth, the Nomination Committee shall make suggestions to the Board on the candidates for Directors and submit the relevant materials; fifth, the Board shall review and approve the nomination of candidates for Directors and submit it for approval at the general meeting. Shareholders, either individually or in aggregate, holding more than 3% of the Shares of the Company shall have the right to nominate Directors through exercising its right of proposal. For the specific procedure of proposal, please refer to Article 70 of the Articles of Association.

The Company has established a Board diversity policy. When designing the composition of the Board, in order to achieve a diversity of perspectives among members of the Board, the Company will consider various aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. In making recommendation or providing advice to the Board in respect of appointing new Directors of the Company, the Nomination Committee of the Board shall fully take into account the benefits of diversity of the Board. Selection of candidates will be based on a range of diversity aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. Meanwhile, the Company shall consider the above-mentioned factors based on its own business model and specific needs from time to time and make final decisions based on merits and contributions that the candidates will bring to the Board.

The Board comprises seven members with experience in transportation and education industries, accounting for 78% of the total members of the Board; two members with expertise, academic background and experience relevant to the finance, investment and other financial and economic industries, accounting for 22% of the total members of the Board; one member with management experience over listed companies prior to the listing of the Company on the Hong Kong Stock Exchange, accounting for 11% of the total members of the Board; three members holding a master's degree or above, accounting for 33% of the total members of the Board; and one female member, accounting for 11% of the total members of the Board. Board members span over 46 to 58 in terms of age and possess diverse work experience, educational background and members of different age groups to provide various perspectives for the development of the Company. The Nomination Committee is of the opinion that the current Board composition is in line with the requirements set out in the Board Diversity Policy.

During the Reporting Period, the Nomination Committee actively performed its duties and convened five meetings in total, at which it reviewed the structure and composition of the Board, the independence of independent non-executive Directors and the continuing professional development training program of Directors and senior management in 2020 and completed nomination for members of the second session of the Board and certain senior management members in accordance with the Terms of Reference of the Nomination Committee, the Board diversity policy and other systemic requirements.

REMUNERATION AND EVALUATION COMMITTEE

As at the end of the Reporting Period and up to the Reporting Date, the Remuneration and Evaluation Committee consisted of three Directors, namely Mr. Ye Yong (independent non-executive Director), Mr. Luo Dan (executive Director) and Mr. Li Yuanfu (independent non-executive Director), and Mr. Ye Yong served as the chairman of the Remuneration and Evaluation Committee.

The primary duties of the Remuneration and Evaluation Committee include: (a) advising to the Board on the overall remuneration policy and framework for Directors and senior management members, and on the establishment of standardised and transparent remuneration policy formulation procedures; (b) studying assessment criteria, performance evaluation procedures, remuneration and rewards and punishment policies for Directors and senior management members and submitting the same to the Board for approval; (c) formulating the management rules on performance evaluation of Directors and senior management members of the Company, preparing the evaluation plan and determining the evaluation objectives; (d) reviewing and approving proposals on senior management's remuneration in accordance with the Company's guidelines and targets approved by the Board; (e) formulating and advising to the Board on the remuneration packages for Directors and senior management members and submitting the same to the Board for approval; (f) reviewing and approving the compensation required to be paid to the executive Directors and senior management members for the loss or termination of the office or appointment; (g) reviewing and approving the compensation arrangements with regard to the dismissal or removal of Directors due to their misconduct; (h) ensuring the Directors or their associates not to determine by themselves, or be involved in determining their remuneration; (i) supervising the implementation of the Company's remuneration policies; and (j) studying and advising on the Company's equity incentive plan and submitting the same to the Board for approval. Please refer to the Terms of Reference of the Remuneration and Evaluation Committee for details.

The remunerations of the Directors and senior management of the Company are determined in accordance with the policies and objectives of the Company, remuneration paid by similar companies and time commitment and responsibilities assumed by such Director and senior management member and other factors. The remunerations of the Directors are determined at the general meeting and the remunerations and awards and punishments of the senior management members are determined by the Board. The Company makes no further determination or payments of the Directors' emoluments for the Directors who receive management remunerations from the Company or its Shareholders. During the Reporting Period, the emoluments received by the Board members and the senior management were strictly based on the proposal approved at the general meeting and by the Board.

The emoluments of the members of the senior management of the Company by band during the Reporting Period are set out below:

	Number Year ended 31 December	
Band of emoluments (in RMB)	**2020**	2019
200,000 to 300,000	**6**	–
300,000 to 400,000	**–**	–
400,000 to 500,000	**2**	3
500,000 to 600,000	**2**	5

Further particulars regarding Directors' remuneration are set out in note 9 to the financial statements of this annual report.

During the Reporting Period, the Remuneration and Evaluation Committee actively performed its duties and responsibilities. It convened two meetings in total to consider the payment of remunerations to senior management for 2019 and raised suggestions to the Board regarding the remunerations of non-executive Directors, executive Directors and independent non-executive Directors of the second session of the Board.

AUDIT AND RISK MANAGEMENT COMMITTEE

As at the end of the Reporting Period and up to the Reporting Date, the Audit and Risk Management Committee consisted of three Directors, namely Mr. Shu Wa Tung, Laurence (independent non-executive Director), Mr. Ye Yong (independent non-executive Director) and Mr. Yang Bin (non-executive Director), and Mr. Shu Wa Tung, Laurence served as the chairman of the Audit and Risk Management Committee, who holds professional qualifications in accountancy.

The primary duties of the Audit and Risk Management Committee include: (a) advising to the Board on the appointment, renewal, change or dismissal of external auditor and submitting the same to the Board for approval; approving and reviewing audit fees and appointment terms for external auditor; (b) reviewing and supervising the independence and objectivity of the external auditor and the effectiveness of the audit procedures according to applicable standards, and discussing issues related to the nature, category and reporting responsibility of auditing with external auditor before the auditing work starts; (c) formulating and implementing policies of non-audit services provided by external auditor, reporting and advising to the Board the actions they deem necessary to be taken or matters to be improved; (d) reviewing and supervising the completeness of the Company's financial statements, annual reports and accounts, interim reports and quarterly reports (if any), and reviewing the important opinions on the financial reporting recorded in the financial statements and financial reports; (e) reviewing the Company's financial overseeing, internal control and risk management systems, monitoring the implementation of such system on an on-going basis, and ensuring that the effectiveness of the Company's risk management and internal control systems is reviewed at least once a year; (f) reviewing the compliance by the Company with the applicable Corporate Governance Code and the disclosure requirements of corporate governance report as required by the regulatory rules at the place where the Shares are listed; (g) discussing on the risk management and internal control systems with the management of the Company to ensure the establishment of an effective internal control system by the management, supervising the effective implementation of internal control and the self-assessment conditions of internal control, and coordinating internal control audit and other related matters; (h) reviewing the Company's financial and accounting policies and practices; (i) confirming the list of the Company's related/connected parties and reporting to the Board and the Supervisory Committee; conducting a preliminary review of the related/connected transactions to be submitted to the Board for consideration and approval; and reviewing the reasonableness and necessity of major related/connected transactions; (j) reviewing internal control valuation report reported by the internal Audit Department; and (k) supervising and controlling the risks that the Company is legally affected by the overseas sanctions to ensure a timely, complete and accurate disclosure of information related to the transactions subject to sanctions in accordance with such laws. Please refer to the Terms of Reference of the Audit and Risk Management Committee for details.

During the Reporting Period, the Audit and Risk Management Committee actively performed its duties and convened eight meetings in total to consider issues such as the selection and appointment of the Company's external auditor, supervising the implementation of the Company's internal audit system and reviewing the financial statements and auditor's report for the year of 2019, the 2019 annual results announcement and the 2019 annual report of the Company, the 2020 interim report of the Company and the Company's management over connected transaction-related matters, and independently evaluated and supervised the compliance, legality and effectiveness of the Company's economic activities.

The Audit and Risk Management Committee had reviewed the annual results announcement and annual report of the Company for the year 2020.

STRATEGY AND DEVELOPMENT COMMITTEE

As at the end of the Reporting Period and up to the Reporting Date, the Strategy and Development Committee consisted of three Directors, including Mr. Yang Tan (executive Director appointed on 11 June 2020), Ms. Wang Xiao (executive Director) and Mr. Shu Wa Tung, Laurence (independent non-executive Director), and Mr. Yang Tan served as the chairman of the Strategy and Development Committee.

The primary duties of the Strategy and Development Committee include: (a) establishing the basic framework for the Company's strategy-making procedures, studying and advising on the Company's medium and long-term strategic development plan; (b) studying and advising on major financing and investment plans which, according to the Articles of Association, should be approved by the Board or at the general meeting; (c) auditing and advising on the Company's annual business plan; (d) conducting study and advising on major capital operation and asset management projects which are required to be approved by the Board or at the general meeting according to the Articles of Association; (e) studying and advising on the plans for corporate reorganization, mergers and acquisitions, equity transfer, restructuring, organizational restructuring which, according to the Articles of Association, should be approved by the Board or at the general meeting; (f) studying and advising on other major events which may have influence in the Company's development; (g) conducting post-investment project assessments; and (h) supervising the implementation of the above matters. Please refer to the Terms of Reference of the Strategy and Development Committee for details.

During the Reporting Period, the Strategy and Development Committee actively performed its duties and convened eight meetings in total to conduct research into and consider, among other things, the Company's investment in 2020.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company is dedicated to the establishment and maintenance of a sound internal control system. The internal control system of the Company covers corporate governance, operation, management, legal affairs, finance and auditing. The Company has established internal rules and systems pursuant to the Company Law, the Listing Rules and other relevant laws and regulations, such as the Rules of Procedures for Shareholders' General Meetings, Rules of Procedures for Board Meetings, Rules of Procedures for Supervisory Committee Meetings and the terms of reference for specific committees, which stipulate, among others, the duties and responsibilities of the Board and the Supervisory Committee. The Company has adopted and implemented risk management policies and corporate governance measures in various aspects of the business operations such as financial reporting, legal compliance and human resources management.

The Board is responsible for the risk management and internal control systems and reviewing their effectiveness through the Audit and Risk Management Committee. Such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

Procedure for identifying, assessing and managing major risks

The Company has complied with the Risk Management Measures of Chengdu Expressway Co., Ltd. to clearly define the risk management process. The risk management process includes initial risk information collection, risk assessment, risk response as well as supervision and improvement of internal control and risk management.

Initial risk information collection: extensively and continuously collects internal and external initial information related to the Company's risks and risk management through various internal and external information collection channels, including historical data, future forecasts and risk loss cases of the Company and related domestic and foreign enterprises. The Company regularly conducts an initial risk information collection to implement dynamic management of the risk information.

Risk assessment: the Company conducts risk assessment based on the initial risk information collected regularly and various business management activities and its major business processes. The Company conducts a risk assessment at least once a year based on the initial risk information collection.

Risk response: according to its own conditions and external environment, the Company determines the risk appetite, risk tolerance, risk management effectiveness criteria, and selects appropriate risk management tools such as risk exposure, risk aversion, risk transfer, risk conversion, risk hedging, risk compensation and risk control based on the corporate development strategies. The Company set up risk management and control objectives annually.

Internal control: the Company formulates the corresponding internal control measures according to the inherent risks of each business process based on the Company's risk appetite, risk tolerance and risk management effectiveness criteria.

Supervision and improvement of risk management: after each department implements risk management control according to the response strategies, the department head shall regularly report to the management at the general manager's office meeting on the progress of the control and the updated information on the relevant risk changes collected during the implementation, so as to enable the management to timely receive the dynamic results of risk changes and make response actions. The Audit and Supervision Department will also employ a third-party organization to conduct control testing on the implementation by the departments implementing the risk response strategies according to the requirements of the Company's management, supervise the results of risk changes, and assist the departments in adjusting the risk response strategies in a timely manner.

Characteristics of risk management and internal control system

The Company has established a three-tier prevention system for risk management, in which each department, excluding those in the second tier, acts as the first tier, and the Audit and Supervision Department, the Finance Department, the Party-masses Human Resources Department and the Audit and Risk Management Committee act as the second tier. The Audit and Supervision Department tracks and inspects risk management from aspects of internal control assessment, risk management evaluation and internal audit and the Finance Department and Party-masses Human Resources Department conduct centralised management over special risks in finance management and human resources management. The Audit and Supervision Department plays a dominant role among the three departments, and the Board acts as the third tier.

All departments of the Company and its subsidiaries shall implement their respective basic risk management process, following the organization, coordination, guidance and supervision of the Audit and Supervision Department of the Company in the overall risk management work.

The Audit and Risk Management Committee is comprehensively responsible for the Company's risk management work and is accountable to the Board. The Audit and Supervision Department is the designated management department for the Company's risk management work, responsible for the daily organization and coordination of the Company's risk management, and is accountable to the Company's Audit and Risk Management Committee. In the aspect of risk management, the Audit and Supervision Department is mainly responsible for studying and reviewing the comprehensive risk management supervision and evaluation system, formulating relevant systems for supervision and evaluation, conducting supervision and evaluation, and issuing annual work report of the Audit and Risk Management Committee of the Board.

The Board is accountable to the general meetings for the effectiveness of the risk management.

Procedure for reviewing the effectiveness of risk management and internal control system

During the Reporting Period, the Audit and Supervision Department employed a third-party organization to conduct control testing on the implementation and internal control effectiveness of the departments implementing the risk response strategies according to the requirements of the Company's management, and assist the departments in adjusting the risk response strategies in a timely manner. At the end of each year, each department shall conduct risk self-assessment work based on the risk management objectives and control tables, the implementation conditions and results of the risk response strategies, and re-evaluate the probability of occurrence of major risks at each of the control points in the departments. At the same time, the Audit and Supervision Department or the external third-party organization shall review the risk self-assessment score based on the control testing results, and issue an annual risk assessment and improvement report, which will finally be submitted to the Board for review.

Procedure for addressing serious internal control defect

The Company has formulated a corresponding rectification plan for internal control defects based on the results of the annual internal control assessment results. The Audit and Supervision Department will conduct follow-up audits within a certain period after the audit to check the implementation status and effectiveness of the rectification.

CORPORATE GOVERNANCE REPORT

On-going measures to monitor the implementation of risk management policies

The Audit and Risk Management Committee and senior management of the Company monitor the implementation of the risk management policies of the Company on an on-going basis to ensure that the Company's internal control system is effective in identifying, managing and mitigating risks involved in the operations. The Company has established the Audit and Supervision Department which is responsible for audit, internal control management, risk management and legal affairs.

The Company has conducted an annual review on the effectiveness of the Company's risk management and internal control during the Reporting Period. The Board considers that, during the Reporting Period, in terms of such businesses and matters as included in the scope of assessment, the Company had put in place risk management and internal control which had been implemented effectively with the Company's risk management and internal control objectives being accomplished. The internal control system was effective and sufficient and there were no significant defects.

The Company has engaged an international advisory firm to supervise the Company's formulation and implementation of the internal control of the Company. The head of each department of the Company will regularly update the risk register and related risks and report and make recommendation for prevention to the Board. The Company will continuously optimise the risk management and internal control systems based on its existing systems, and will practically establish, perfect and implement corporate risk management and internal control system with definite division between powers and duties, scientific management and efficient implementation.

Inside information management

The Company has implemented a registration and filing system for the insiders, who should bear the responsibility of confidentiality for the inside information they know. The Company shall disclose the inside information to the public as soon as reasonably practicable after knowing any inside information or after the information has been identified as inside information by the Company's Board or the inside information management team, except for the inside information which is temporarily non-discloseable under the laws and regulations and regulatory rules. Regarding the aforementioned temporarily non-discloseable inside information, the Company shall take relevant measures to keep the inside information strictly confidential, and once the inside information is leaked, the Company shall immediately disclose it to the public, or (if necessary) apply for trading halt or suspension of trading of the Company's securities.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements for each financial period, which give a true and fair view of the state of affairs of the Company and of the results and cash flows for that period. The Company deploys appropriate and sufficient resources to prepare financial statements. Senior management is required to present and explain the financial reporting and matters that materially affect or may have material impact on the financial performance and operations of the Company to the Audit and Risk Management Committee and the Board, and respond to the queries and concerns raised by the Audit and Risk Management Committee and the Board to their satisfaction. The consolidated financial statements have been prepared in accordance with the IFRSs and the disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The reporting responsibilities of the Company's auditor for the Company's consolidated financial statements for the year ended 31 December 2020 are set out in the independent auditor's report in this annual report.

INDEPENDENCE OF EXTERNAL AUDITOR

The Audit and Risk Management Committee is responsible for monitoring the independence of the Company's external auditor and determining the remuneration standards of the external auditor to ensure that their capacity in giving independent and objective opinions on the Company's financial statements or any other letters will not be prejudiced due to the provision of non-audit services.

All services provided and fees charged by the Company's external auditor are subject to approval by the Audit and Risk Management Committee to ensure a balance between their objectivity and economic interests. Except for interim review and annual audit services, the Company's external auditor generally may only provide limited services on tax related issues or specially approved items, including but not limited to merger and acquisition or financial due diligence and other accounting advice.

The Audit and Risk Management Committee of the Company regularly discusses the independence and objectivity of the external auditor. The Company also disclosed in detail the audit and non-audit service fees paid by the Company to the external auditor in its annual reports in accordance with the requirements of the Corporate Governance Report of Appendix 14 of the Listing Rules (including any entity that is under common control, ownership or management with Ernst & Young or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of Ernst & Young nationally or internationally).

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

For the year ended 31 December 2020, the remuneration payable by the Company to its auditors is set out below:

Item	Amount *(RMB'000)*	Auditor
Audit services		
Auditing fee for 2020	1,783	Ernst & Young (International Accounting Standards)
	179	Ernst & Young Hua Ming LLP (China Accounting Standards for Business Enterprises)
Non-audit services		
Auditing fee for continuing connected transactions in 2020	19	Ernst & Young
Auditing fee for bond issuance	283	Ernst & Young Hua Ming LLP
Auditing fee for material acquisitions in 2020	755	Ernst & Young
Total	3,019	

JOINT COMPANY SECRETARIES

The joint company secretaries of the Company are Mr. Zhang Guangwen, the Secretary to the Board, and Ms. Kwong Yin Ping, Yvonne, president of SWCS Corporate Services Group (Hong Kong) Limited who possesses the qualifications of company secretary as required under Rule 3.28 of the Listing Rules. The joint company secretaries are mainly responsible for facilitating the operation of the Board, ensuring the effective information communications among the members of the Board and the compliance with the policies and procedures of the Board, and ensuring the compliance with the Listing Rules and other regulations by the Company. Ms. Kwong Yin Ping, Yvonne's primary contact person of the Company is Mr. Zhang Guangwen.

All Directors have access to the advice and services from the joint company secretaries of the Company on corporate governance and the Board's practices and matters to ensure the compliance with the Board's procedures and all applicable laws, rules and regulations.

COMMUNICATIONS WITH SHAREHOLDERS

According to Article 67 of the Articles of Association, an extraordinary general meeting shall be convened upon request in writing by Shareholders, either individually or in aggregate, holding more than 10% of the Company's issued voting Shares. Please refer to Article 108 of the Articles of Association for the specific procedures for Shareholders to convene an extraordinary general meeting.

According to Article 70 of the Articles of Association, Shareholders, either individually or in aggregate, holding more than 3% of the Shares of the Company shall have the right to propose new proposals in writing to the Company, and the Company shall include the proposals into the agenda of such general meeting if they fall within the functions and powers of the general meeting.

The Company considers that effective communications with Shareholders are essential for enhancing the relations between investors and the Company, and investors' understanding of the Company's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders through general meetings. At the general meetings, Directors (or their delegates as appropriate) will meet Shareholders and answer their enquiries.

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The details of contact information are set forth as follows:

Address:	Chengdu Expressway Co., Ltd. 9th Floor, Chengnan Tianfu Building, No. 66 Shenghe 1st Road, High-Tech Zone, Chengdu
Contact Number:	86 28 86056063
Fax:	86 28 86056070
E-mail:	cggfdb@chengdugs.com

The Company will strictly abide by its statutory obligations in respect of information disclosure, and carry out investor relations activities through various forms to actively promote the image of the Company, convey information to investors in a timely manner and consider their opinions and advices carefully, aiming to form a benign interaction between the Company and investors.

When conducting its investor relations work, the Company will actively communicate with investors through various manners, including setting up a platform on the website of the Company, telephone and e-mail.

DIVIDEND POLICY

The Company has adopted a dividend policy, and the formulation and implementation of the dividend policy conform to the provisions of the Articles of Association.

The dividend policy of the Company regulates that the proposed dividends shall be determined by the Board based on factors including: (i) the Company's actual and expected financial performance; (ii) the Company's profits and reserves available for distribution; (iii) the Company's working capital demands, capital expenditure demands and future expansion plans; (iv) the liquidity position of the Company; (v) the macroeconomic conditions and internal or external factors that may affect the business, financial performance and position of the Company; (vi) statutory and regulatory restrictions relating to dividend distribution; (vii) provisions of the Articles of Association, and shall be declared subject to the consideration and approval by Shareholders at the general meeting.

After the general meeting has passed a resolution on the profit distribution plan, the Board shall complete the distribution and payment of dividends within 2 months after the general meeting is held.

The cash dividends and other payments payable by the Company to the holders of the Domestic Shares shall be denominated and declared in RMB, and paid in RMB. The cash dividends and other payments payable by the Company to the holders of the H Shares shall be denominated and declared in RMB, and paid in Hong Kong dollars.

ARTICLES OF ASSOCIATION

The Board resolved to propose to make certain amendments to the Articles of Association on 27 March 2020. Given the proposed amendments to the Articles of Association, the Board also resolved to propose to make certain amendments to the Rules of Procedures of the General Meetings and the Rules of Procedures of the Board of Directors on the same date to correspond with the Articles of Association. Such proposed amendments had been considered and approved by the Shareholders by way of special resolutions at the annual general meeting of the Company held on 11 June 2020. On 6 July 2020, the Board resolved to propose to change the registered address of the Company and as a result of the proposed change of the registered address, the Board also proposed to make amendments to the Articles of Association to reflect the change in the registered address of the Company. Such proposed amendments to the Articles of Association had been considered and approved by the Shareholders by way of a special resolution at the extraordinary general meeting of the Company held on 7 August 2020. The latest version of the Articles of Association had been published on the websites of the Company and the Hong Kong Stock Exchange on 7 August 2020. For details of such amendments, please refer to the announcements of the Company dated 27 March 2020, 11 June 2020, 6 July 2020 and 7 August 2020 and the circulars of the Company dated 24 April 2020 and 10 July 2020.

DIRECTORS' REPORT

The Board is pleased to present this report and the audited consolidated financial statements of the Group for the year ended 31 December 2020.

GROUP ACTIVITIES AND PERFORMANCE

The Group is primarily engaged in the operation, management and development of expressways located in and around Chengdu, Sichuan Province, the PRC and also carries out retail of refined oil and operation of CNG.

The Company's results for the year ended 31 December 2020 and the financial position of the Company as at the same date are set out in the audited consolidated financial statements of this annual report.

BUSINESS REVIEW

Description of the fair review of the Group's business and the analysis using the financial key performance indicators, and future prospects of the Group's business are set out in the sections headed "Financial and Operational Highlights", "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

FINANCIAL HIGHLIGHTS

The Company's results and financial position for the past five financial years are summarised and set out in the section headed "Financial and Operational Highlights" of this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in reserves of the Group during the Reporting Period are set out in the section headed "Consolidated Statement of Changes in Equity" and note 29 to the consolidated financial statements of this annual report. The total amount of the reserve distributable to equity Shareholders as at the end of the Reporting Period was approximately RMB933,905,000.

DIRECTORS' REPORT

DIVIDENDS

According to relevant provisions of the Articles of Association, in distributing its after-tax profits for relevant accounting year, the lower of the after-tax profits presented in the financial statements prepared according to PRC Generally Accepted Accounting Standards and International Financial Reporting Standards shall prevail. In addition, according to the Reply on the Profit Distribution in the Consolidated Financial Statements issued by the Ministry of Finance, the profit distribution of companies that prepare consolidated accounting statements shall be based on the distributable profits of the parent company. As such, the Board proposed to make profit distribution based on the relevant data stated in the financial statements of the parent company (i.e. the financial statements of the Company) which is prepared in accordance with the International Financial Reporting Standards. In 2020, the Company realised total comprehensive income for the year attributable to owners of the Company of RMB344,509,000 as stated in the consolidated financial statements, realised after-tax profit of RMB368,891,000 as stated in the Company's financial statements, of which distributable profit was RMB331,292,000.

The Board recommended a final cash dividend for 2020 of RMB200,388,342 in total, and based on the Company's current total number of Shares of 1,656,102,000, RMB0.121 per Share (tax inclusive). The dividend distribution proposal is subject to the approval by the Shareholders at the AGM to be held on 10 June 2021. If approved, the final dividends are expected to be paid on 9 August 2021 to Shareholders whose names appear on the register of members of the Company on 23 June 2021. Dividends payable to the holders of Domestic Shares will be paid in RMB, and dividends payable to the holders of H Shares will be paid in Hong Kong dollars. The amount of Hong Kong dollars payable will be calculated based on the average central parity rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China during the calendar week prior to the announcement of declaration of the final dividend at the AGM (if approved).

The amount of dividends proposed for 2020 accounted for approximately 60.5% of the distributable profits stated in the consolidated financial statements of the Company during the year.

As of the Reporting Date, the Company was not aware of any arrangements pursuant to which any shareholder had waived or agreed to waive any dividends.

TAXATION ON DIVIDENDS

Pursuant to the Enterprise Income Tax Law of the PRC and its implementing regulations (hereinafter collectively referred to as the "EIT Law"), the tax rate of the enterprise income tax applicable to the income of non-resident enterprise deriving from the PRC is 10%. For this purpose, any H shares registered under the name of HKSCC Nominees Limited, other nominees or trustees, or other organizations or entities, shall be deemed as shares held by non-resident enterprise shareholders as defined under the EIT Law. The Company will distribute the final dividend to non-resident enterprise shareholders subject to a deduction of 10% enterprise income tax withheld and paid by the Company on their behalf.

According to the Circular on Issues Concerning Taxation and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348), the Company shall withhold and pay individual income tax for individual Shareholders of the H Shares. If the individual Shareholders of the H Shares are Hong Kong or Macau residents or residents of the countries or regions which have an agreed tax rate of 10% under the relevant tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders.

If the individual Shareholders of the H Shares are residents of the countries or regions that have a tax rate lower than 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders. If such Shareholders claim refund of the amount in excess of the individual income tax payable under the tax treaties, the Company can apply on behalf of such Shareholders according to the relevant tax treaties for the relevant agreed preferential tax treatment provided that the relevant Shareholders submit the relevant documents and information in a timely manner required by the Administrative Rules on Enjoying Treatment under Taxation Treaties by Non-resident Taxpayers (State Administration of Taxation Announcement, 2015, No. 60) and the provisions of the relevant tax treaties. The Company will assist with the tax refund subject to approval of the competent tax authority.

If the individual Shareholders of the H Shares are residents of the countries or regions that have a tax rate higher than 10% but lower than 20% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the applicable tax rates stated in such tax treaties on behalf of such Shareholders.

If the individual holders of the H Shares are residents of the countries or regions that have a tax rate of 20% under the tax treaties with the PRC, or that have not entered into any tax treaties with the PRC, or otherwise, the Company will withhold and pay individual income tax at the rate of 20% on behalf of such Shareholders.

Shareholders are required to consult their tax advisors as to Mainland China, Hong Kong and other tax implications regarding the ownership and disposal of H shares of the Company.

CLOSURE OF REGISTER OF MEMBERS

The 2020 AGM will be convened on Thursday, 10 June 2021. In order to ascertain Shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 11 May 2021 to Thursday, 10 June 2021 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all duly completed transfer forms accompanied by the relevant Share certificates shall be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration before 4:30 p.m. on Monday, 10 May 2021. Shareholders whose names appear on the register of members of the Company on Tuesday, 11 May 2021 shall be eligible to attend the AGM.

The register of members of the Company will be closed from Friday, 18 June 2021 to Wednesday, 23 June 2021 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for receiving the final dividends, holders of H Shares shall lodge transfer documents with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration before 4:30 p.m. on Thursday, 17 June 2021. Shareholders whose names appear on the register of members of the Company on Wednesday, 23 June 2021 shall be eligible to receive final dividends.

DIRECTORS' REPORT

PUBLIC FLOAT

Based on the information publicly available to the Company and to the best knowledge of the Directors, the Company has maintained a sufficient public float in compliance with the Listing Rules as at the Reporting Date.

SHARE CAPITAL

During the Reporting Period, there was no change in the share capital of the Company. As at the Reporting Date, the total share capital of the Company amounted to RMB1,656,102,000, which represented 1,656,102,000 issued Shares with a nominal value of RMB1.00 each. The share capital structure of the Company as at the Reporting Date was as follows:

Class of Shares	Number of Shares	Percentage to the total issued share capital
Domestic Shares	1,200,000,000	72.46%
H Shares	456,102,000	27.54%
Total	1,656,102,000	100%

INTERESTS AND/OR SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As of 31 December 2020, based on the information available to the Company and to the best knowledge of the Directors, none of the Directors, Supervisors or chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or were recorded in the register required to be kept by the Company under section 352 of the SFO, or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As of 31 December 2020, based on the information available to the Company and to the best knowledge of the Directors, the following persons (other than the Company's Directors, Supervisors and chief executive) or corporations had interests or short positions in the Shares or underlying Shares of the Company which had to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register required to be kept by the Company under section 336 of the SFO:

Domestic Shares

Name of Shareholders	Nature of interest and capacity	Class of Shares	Long position/ Short position	Number of Shares interested	Percentage of relevant class of Shares as at the Reporting Date	Percentage of total issued share capital as at the Reporting Date
Chengdu Communications Investment[1]	Interest in controlled corporation	Domestic Shares	Long position	900,000,000	100%	72.46%
	Beneficial owner	Domestic Shares	Long position	300,000,000		
Chengdu Expressway Construction[2]	Beneficial owner	Domestic Shares	Long position	900,000,000	75%	54.34%

Notes:

(1) Chengdu Communications Investment is wholly owned by Chengdu State-owned Assets Supervision and Administration Commission.

(2) As of 31 December 2020, Chengdu Expressway Construction was a wholly-owned subsidiary of Chengdu Communications Investment. On 3 March 2021, CCB Gold Investment acquired 18.49% equity interests in Chengdu Expressway Construction. Accordingly, as at the Reporting Date, Chengdu Expressway Construction is held as to 81.51% and 18.49% by Chengdu Communications Investment and CCB Gold Investment, respectively.

H Shares

Name of Shareholders	Nature of interest and capacity	Class of Shares	Long position/ Short position	Number of Shares interested	Percentage of relevant class of Shares as at the Reporting Date	Percentage of total issued Share capital as at the Reporting Date
Guangdong Provincial Communication Group Company Limited (廣東省交通集團有限公司)[1]	Interest in controlled corporation	H Shares	Long position	100,000,000	21.92%	6.04%
Xin Yue Company Limited (新粵有限公司)[1]	Beneficial owner	H Shares	Long position	100,000,000	21.92%	6.04%
Chengdu Xiecheng Asset Management Co., Ltd. (成都市協成資產管理有限責任公司)[2]	Interest in controlled corporation	H Shares	Long position	50,000,000	10.96%	3.02%
Chengdu Jiaozi Financial Holding Group Co., Ltd. (成都交子金融控股集團有限公司)[2]	Beneficial owner	H Shares	Long position	50,000,000	10.96%	3.02%
Chengdu Rail Transit Group Co., Ltd. (成都軌道交通集團有限公司)[3]	Interest in controlled corporation	H Shares	Long position	49,950,000	10.95%	3.02%
Chengdu Rail Industrial Investment Co., Ltd. (成都軌道產業投資有限公司)[3]	Beneficial owner	H Shares	Long position	49,950,000	10.95%	3.02%
Fullgoal Fund Management Co., Ltd. (富國基金管理有限公司)[4]	Investment manager	H Shares	Long position	49,900,000	10.94%	3.01%
Chengdu Urban Construction Investment Management Group Co., Ltd. (成都城建投資管理集團有限責任公司)	Beneficial owner	H Shares	Long position	49,900,000	10.94%	3.01%
Chengdu Environment Investment Group Company Limited (成都環境投資集團有限公司)	Beneficial owner	H Shares	Long position	45,450,000	9.96%	2.74%
Chengdu Tianfu New Area Investment Group Co., Ltd. (成都天府新區投資集團有限公司)[5]	Interest in controlled corporation	H Shares	Long position	42,939,000	9.41%	2.59%
Chengdu Tianfu Capital Investment Co., Ltd. (成都天府資本投資有限公司)[5]	Trust beneficiary	H Shares	Long position	42,939,000	9.41%	2.59%
Chengdu Industry Investment Group Co., Ltd. (成都產業投資集團有限公司)[6]	Interest in controlled corporation	H Shares	Long position	25,646,000	5.62%	1.55%
Chengdu Advanced Manufacturing Industry Investment Co., Ltd. (成都先進製造產業投資有限公司)[6]	Beneficial owner	H Shares	Long position	25,646,000	5.62%	1.55%

Notes:

(1) Guangdong Provincial Communication Group Company Limited holds interests in 100,000,000 H Shares of the Company through its wholly-owned subsidiary, Xin Yue Company Limited.

(2) Chengdu Jiaozi Financial Holding Group Co., Ltd. is owned as to 40% by Chengdu Xiecheng Asset Management Co., Ltd. Chengdu Jiaozi Financial Holding Group Co., Ltd. is interested in 50,000,000 H Shares of the Company.

(3) Chengdu Rail Industrial Investment Co., Ltd. is wholly-owned by Chengdu Rail Transit Group Co., Ltd. Chengdu Rail Industrial Investment Co., Ltd. holds interests in 49,950,000 H Shares of the Company through investment in the trust scheme of China Credit Trust Co., Ltd (中誠信託有限責任公司).

(4) As an investor manager, Fullgoal Fund Management Co., Ltd. holds interests in 49,900,000 H Shares of the Company. The fund it manages is the Fullgoal Fund Global Allocation No. 6 QDII-Asset Management Plan (富國基金全球配置6號QDII – 資產管理計劃).

(5) Chengdu Tianfu New Area Investment Group Co., Ltd. holds 100% interests in Chengdu Tianfu Capital Investment Co., Ltd. (previously known as Chengdu Tianfu New Area Financial Holdings Co., Ltd. (成都天府新區金融控股有限公司)). Chengdu Tianfu Capital Investment Co., Ltd. holds interests in 42,939,000 H Shares of the Company through investment in the trust scheme of China Credit Trust Co., Ltd.

(6) Chengdu Advanced Manufacturing Industry Investment Co., Ltd. is wholly owned by Chengdu Industry Investment Group Co., Ltd. Chengdu Advanced Manufacturing Industry Investment Co., Ltd. is interested in 25,646,000 H Shares of the Company through investment in the Chengxin No. 103 Trusted Overseas Wealth Management Project of China Credit Trust (中誠信託誠信海外配置103號受託境外理財項目).

Save as disclosed above, as at 31 December 2020, the Company had not been notified by any person (other than Directors, Supervisors or chief executive of the Company) or corporation which had an interest or short position in the Shares or underlying Shares of the Company which would be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

Maintaining good relationships with major service providers is essential in the supply chain, property management and meeting business needs, which can generate cost-effectiveness and promote long-term business benefits. Our major service providers include equipment supplier, engineering material supplier, external consultant providing professional services and other business partners who provide value-added services to the Group.

The total purchase amount of the Group during the Reporting Period amounted to approximately RMB1,031,613,000, of which purchases from the five largest suppliers of the Group accounted for 84.2% of our total purchase amount, and purchase from the largest supplier accounted for 49.2% of our total purchase amount.

Given the nature of our expressway and energy business, the Group did not have any single customer that contributed more than 5% to the revenue of the Group, or that was otherwise material to it during the Reporting Period. During the Reporting Period, the sales of the Group to the five largest customers accounted for not more than 30% of the total sales of the Group.

None of the Directors, Supervisors, their respective close associates, or any of the Shareholders who, to the knowledge of our Directors, owns more than 5% of the Company's Shares in issue, had any interest in any of our top five suppliers.

LIST OF DIRECTORS

The list of Directors during the Reporting Period and as at the Reporting Date, save as otherwise stated, was set out in the sub-section headed "Biographical Details of Directors" of "Biographical Details of Directors, Supervisors and Senior Management" of this annual report.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The profiles of Directors, Supervisors and senior management were set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" of this annual report.

DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save for the non-exempt connected transaction disclosed in this annual report, none of the Company, its holding company, or any of its subsidiaries or fellow subsidiaries entered into any significant transactions, arrangements or contracts which are relevant to the Group's business and in which, a Director or Supervisor of the Company or his or her connected entity had direct or indirect material interests, and subsisted as at the end of the Reporting Period or at any time during the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors of the Company has any competing interests which would be required to be disclosed under Rule 8.10 of the Listing Rules.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and Supervisors has entered into service contract with the Company. None of the Directors or Supervisors has entered into a service contract which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the Reporting Period, none of the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party to any arrangement which enables the Directors and Supervisors to acquire benefits by means of acquisition of Shares or debentures of the Company or of any other body corporate.

PERMITTED INDEMNITY PROVISION

The Company maintained Directors' liability insurance to protect them from any loss to which the Directors of the Company might be liable arising from their actual or alleged misconduct.

MANAGEMENT CONTRACTS

No contract concerning the management or administration of the whole or any substantial part of the business of the Company was entered into or existed during the Reporting Period.

COMPLIANCE WITH THE NON-COMPETITION AGREEMENT

On 29 June 2017, the Company and Chengdu Communications Investment entered into a non-competition agreement (the "Non-competition Agreement"), pursuant to which Chengdu Communications Investment has irrevocably undertaken that, Chengdu Communications Investment and its subsidiaries (excluding the Group) will not, during the term of the Non-competition Agreement, and will procure their associates not to, directly or indirectly, engage in, individually or jointly, with other entities, or assist to engage in or participate in any business which competes with the Group's principal business in Sichuan Province, the PRC.

In addition, Chengdu Communications Investment has undertaken to grant the Company an option to acquire new business opportunities that may compete, directly or indirectly, with the principal business of the Group, and acquisition options and right of first refusal for the new competing business (as defined in the Prospectus) and retained business. For details of the Non-competition Agreement, please refer to the section headed "Relationship with Our Controlling Shareholders" of the Prospectus.

DIRECTORS' REPORT

The Company entered into the supplemental agreement to the Non-competition Agreement with Chengdu Communications Investment on 25 May 2020 to make the followings amendments to the Non-competition Agreement:

- the definition of the "principal business" has been amended to (1) the business of construction, operation, maintenance and management of toll expressways, or (2) investment in petrol stations and gas stations, retail of gasoline and diesel oil and wholesale and retail of CNG primarily engaged in by the Group in Sichuan province.

- the scope of "retained business" has been amended to: (1) wholesale and retail of gasoline, diesel oil and lubricating oil and the retail of general merchandise of Chengdu Communications Investment Daguan Oil Management Co., Ltd. retained by Chengdu Communications Investment and its subsidiaries through their 49% equity interests therein which competes directly or indirectly with the principal business of the Company; and (2) the research and development of automobile gas devices and corresponding technical services, compression and refilling of CNG and CNG wholesale and retail business of Zhongyou Jieneng retained by Chengdu Communications Investment and its subsidiaries through their 47.49% equity interests therein which competes directly or indirectly with the principal business of the Company.

Save for the above-mentioned amendments, other terms of the Non-competition Agreement shall remain in effect. For details of such amendments, please refer to the announcement of the Company dated 25 May 2020 and the circular of the Company dated 10 July 2020. Energy Development Company, a subsidiary of the Company, had entered into an equity transfer agreement with Chengdu Transportation Hub Station Construction Management Co., Ltd. (成都交通樞紐場站建設管理有限公司) on 24 July 2020, pursuant to which, Energy Development Company agreed to acquire, and Chengdu Transportation Hub Station Construction Management Co., Ltd. agreed to dispose of the 47.49% equity interests in Zhongyou Jieneng and the change in industrial and commercial registration of Zhongyou Jieneng had been completed on 29 July 2020. As such, item (2) as set out in the above-mentioned "retained business" has been acquired by the Group.

During the Reporting Period, the Company received a letter from Chengdu Communications Investment, inquiring whether the Company proposed to participate in the 85%-equity-transfer of PowerChina Road and Bridge Group Chongqing Expressway Construction and Development Co., Ltd. (中電建路橋集團重慶高速公路建設發展有限公司) ("PowerChina Chongqing Company"). As set out in the announcement of the Company dated 18 November 2020, PowerChina Chongqing Company holds 100% equity interest in Sichuan Yurong Expressway Co., Ltd. (四川渝蓉高速公路有限公司) ("Yurong Expressway Company"), and Yurong Expressway Company mainly engages in the operation and management of Yurong Expressway (Sichuan section) within Sichuan province, the PRC. The Company received a letter from Chengdu Communications Investment inquiring with the Company on whether to exercise the relevant right to participate in the investment. After making analysis of the Project, all independent non-executive Directors are of the view that: (i) the Company proposes to focus on acquiring or investing in expressway projects with a reasonable return on investment. As Yurong Expressway (Sichuan section) has been in a loss-making position since the commencement of trial toll collection in 2018, participation in the project at current stage will affect the Company's performance; and (ii) participation in the project by the Company will take up a substantial amount of the self-owned capital of the Company, which would exert considerable pressure on the cash flow of the Company. After considering all above factors, all independent non-executive Directors have resolved that the Company will not participate in the project, provided that the Company shall at all times be entitled to exercise the acquisition option, right of first refusal and other rights under the Non-competition Agreement. For details, please refer to the announcement of the Company dated 18 November 2020.

Chengdu Communications Investment has provided a written confirmation to the Company, confirming that it has duly complied with all provisions and requirements under the Non-competition Agreement during the Reporting Period.

The independent non-executive Directors have reviewed all the necessary materials provided by Chengdu Communications Investment for compliance with the Non-competition Agreement and confirmed that as at the Reporting Date, Chengdu Communications Investment has fully complied with and did not breach any terms and requirements of the Non-competition Agreement.

NON-EXEMPT CONNECTED TRANSACTIONS

Non-Exempt Continuing Connected Transactions

During the Reporting Period, the Company has conducted the following non-exempt continuing connected transactions.

Property Leasing Framework Agreement

Parties and connected relations:	The Company and Chengdu Communications Investment (the ultimate controlling shareholder of the Company and thus a connected person of the Company)
Date and term:	Entered into on 29 June 2017 for a term commencing from 15 January 2019 to 31 December 2020 (as amended by the property leasing framework agreement entered into on 7 August 2020). The agreement had been renewed on 7 August 2020 for a term of three years commencing from 1 January 2021 to 31 December 2023. For details, please refer to the Prospectus and the announcement of the Company dated 7 August 2020.
Subject:	Chengdu Communications Investment Group may lease properties to the Group.
Pricing policy:	Determined at arm's length negotiations between relevant parties and with reference to the prevailing market price of local properties in vicinity with similar size and quality.
Annual cap of total transactions during the Reporting Period:	RMB3.5 million
Amount actually incurred:	RMB3.129 million

DIRECTORS' REPORT

General Services Framework Agreement

Parties and connected relations:	The Company and Chengdu Communications Investment (the ultimate controlling shareholder of the Company and thus a connected person of the Company)
Date and term:	Entered into on 29 June 2017 for a term commencing from 15 January 2019 to 31 December 2020 (as amended by the general services framework agreement entered into on 7 August 2020). The agreement had been renewed on 7 August 2020 for a term of three years commencing from 1 January 2021 to 31 December 2023. For details, please refer to the Prospectus and the announcement of the Company dated 7 August 2020.
Subject:	Chengdu Communications Investment may provide certain general services, such as property management, catering, parking, maintenance, lease marketing and administrative services, to the Group according to actual needs.
Pricing policy:	Determined based on normal commercial terms for the ordinary course of business of the Group with reference to the price of the same or similar services provided by an Independent Third Party in the vicinity areas. If there is no applicable market price available, Chengdu Communications Investment Group has agreed to price the general services to the Group at cost to ensure the service fee is fair and reasonable or more favorable to the Group than the quotes available from Independent Third Parties.
Annual cap of total transactions during the Reporting Period:	RMB3.6 million
Amount actually incurred:	RMB2.675 million

Refined Oil Framework Agreement

Parties and connected relations:	Zhongyou Energy and PetroChina Chengdu Sales Branch (a branch of PetroChina, a substantial shareholder of Zhongyou Energy and therefore a connected person of the Company)
Date and term:	Entered into on 7 August 2020 for a term commencing from 7 August 2020 to 31 December 2022. For details, please refer to the announcement of the Company dated 7 August 2020.
Subject:	Zhongyou Energy may purchase specific types of refined oil (including transportation service) from PetroChina Chengdu Sales Branch.
Pricing policy:	PetroChina Chengdu Sales Branch shall supply refined oil to Zhongyou Energy at most favourable selling price which shall not exceed the prevailing transfer price of PetroChina Sichuan Sales Branch (being the arrival price which includes the cost of transportation service, and such transfer price shall not exceed the prevailing guidance price of refined oil published by the National Development and Reform Commission on its official website, and pursuant to the Measures for the Administration of Petroleum Prices (《石油價格管理辦法》) promulgated by the National Development and Reform Commission on 13 January 2016, the adjustment guidance prices are issued every 10 working days) on the date of issuing of the sales invoice.
Annual cap of total transactions during the Reporting Period (from 7 August 2020 to 31 December 2020):	RMB320 million
Amount actually incurred (from 12 August 2020 (the date on which Energy Development Company was consolidated into the Group) to 31 December 2020):	RMB238.215 million

Entrusted Operation and Management Contract

Parties and connected relations:	Operation Company and Chengming Expressway Company (a connected subsidiary of the Company and therefore a connected person of the Company)
Date and term:	Entered into on 20 May 2020 for a term commencing from 1 May 2020 to 31 December 2022, which may be early terminated upon agreement by both parties due to change of controlling shareholder or de facto controller of Chengming Expressway Company. For details, please refer to the announcement of the Company dated 20 May 2020.
Subject:	Operation Company is entrusted by Chengming Expressway Company to take charge of the management of Qiongming Expressway and the operation and management of all its supporting facilities.
Pricing policy:	Determined after arm's-length negotiations between the two parties with reference to the Group's operation and management experience of toll expressways and estimation of potential revenue, cost and expenses arising from operation and management of Qiongming Expressway, which is on the same standards applied to operation and management by the Operation Company of the Group's other expressways.
Annual cap of total transactions during the Reporting Period (from 1 May 2020 to 31 December 2020):	RMB6.05 million
Amount actually incurred (from 1 May 2020 to 31 December 2020):	RMB3.276 million

The Company has confirmed that the execution and enforcement of the implementation agreements under the continuing connected transactions set above during the Reporting Period followed the pricing principles of such continuing connected transactions.

The independent non-executive Directors have reviewed and confirmed such continuing connected transactions have been entered into (i) in the usual and ordinary course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The auditor of the Company have provided a letter to the Board and a copy of the auditor's letter has been provided by the Company to the Stock Exchange that, in respect of the above-mentioned continuing connected transaction: (i) nothing has come to their attention that causes them to believe that such continuing connected transaction has not been approved by the Board; (ii) nothing has come to their attention that causes them to believe that such continuing connected transaction was not conducted, in all material respects, in accordance with the relevant agreement governing the transaction; (iii) such continuing connected transaction has not exceeded the annual caps set by the Company; and (iv) nothing has come to their attention that causes them to believe that such continuing continued transaction (involving the provision of goods or services by the Group) was not conducted, in all material respects, in accordance with the pricing policies of the Group.

The Company's auditor, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules.

DIRECTORS' REPORT

NON-EXEMPT CONNECTED TRANSACTIONS

Entering into of the Construction Compensation Agreement

On 14 October 2019, Chengdu Airport Expressway Company and Chengdu Road and Bridge Management Co., Ltd. ("Chengdu Road & Bridge") entered into the construction compensation agreement. Chengdu Road & Bridge needs to occupy certain roads, side ditches and green belts on the K2+100m to K3+640m section of Chengdu Airport Expressway and demolish two pedestrian overpasses and appurtenances due to the construction of the renovation project of the Blue Sky Interchange (藍天立交) node involved in the 3rd Ring Road expansion and upgrading project. Due to the complexity of the project and construction suspension as affected by COVID-19 pandemic, the project, which was expected to be completed on or before 31 December 2019, was completed on 30 April 2020 and open to traffic on 1 May 2020. In accordance with the requirements of the construction compensation agreement, Chengdu Road & Bridge had paid Chengdu Airport Expressway Company total compensation of RMB16,390,100.67; including (i) RMB2,566,859.17 for permanent occupation; (ii) RMB10,711,085.00 for temporary occupation; (iii) RMB217,200.00 for demolition of pedestrian overpasses and appurtenances; (iv) RMB2,794,956.50 for impact caused to toll income of Chengdu Airport Expressway; and (v) safety monitoring and construction coordination fee totaling RMB100,000.00. Chengdu Road and Bridge is a wholly-owned subsidiary of Chengdu Expressway Construction, a controlling shareholder of the Company, and therefore it is a connected person of the Company. Accordingly, the transaction under the construction compensation agreement constituted a connected transaction of the Company. For details, please refer to the announcements of the Company dated 14 October 2019 and 27 May 2020.

Acquisition of 94.49% of the Total Shares of Energy Development Company

The Company entered into the share transfer agreement with Chengdu Communications Investment on 25 May 2020, pursuant to which, the Company agreed to acquire and Chengdu Communications Investment agreed to dispose of 94.49% of the total shares of Energy Development Company (the "Acquisition"), at a consideration of RMB727,570,000, which was fully settled in cash by the Company. Chengdu Communications Investment is the ultimate controlling shareholder of the Company, and therefore a connected person of the Company under the Listing Rules and the Acquisition constituted a connected transaction of the Company. The Acquisition was approved by the Independent Shareholders at the extraordinary general meeting held on 7 August 2020 and completed on 12 August 2020. For details of the Acquisition, please refer to the announcements of the Company dated 25 May 2020, 7 August 2020 and 12 August 2020 and the circular of the Company dated 10 July 2020.

Entering into of the Supplemental Agreement to the Non-competition Agreement

As disclosed in the section headed "Compliance with the Non-competition Agreement" above, the Company entered into the Non-competition Agreement with Chengdu Communications Investment on 29 June 2017, pursuant to which, Chengdu Communications Investment has irrevocably undertaken that, Chengdu Communications Investment and its subsidiaries (excluding the Group) shall not and shall procure their associates not to, during the term of the Non-competition Agreement, directly or indirectly, individually or collectively with other entities, engage in or assist to engage in any business which competes with the principal business of the Company in Sichuan Province. On 25 May 2020, the Company entered into the Supplemental Agreement to the Non-competition Agreement with Chengdu Communications Investment, to make amendments to the non-competition arrangements upon the Completion of the Acquisition, i.e. expanding the definition of the "principal business" and scope of the "retained business" under the Non-competition Agreement. Chengdu Communications Investment is the ultimate controlling shareholder of the Company, and therefore a connected person of the Company under the Listing Rules and the Supplemental Agreement to the Non-competition Agreement constituted a connected transaction of the Company. The Supplemental Agreement to the Non-competition Agreement was approved by the Independent Shareholders at the extraordinary general meeting held on 7 August 2020. For details of the Supplemental Agreement to the Non-competition Agreement, please refer to the section headed "Compliance with the Non-competition Agreement" above, the announcements of the Company dated 25 May 2020 and 7 August 2020 and the circular of the Company dated 10 July 2020.

Summary of the material related party transactions during the Reporting Period are disclosed in note 35 to the consolidated financial statements. Save as disclosed above and in respect of which the disclosure requirements under Chapter 14A of the Listing Rules have been complied with, other related party transactions disclosed in note 35 to the consolidated financial statements do not constitute non-exempt connected transactions under the Listing Rules.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Company regards environmental protection as an important corporate responsibility and places great emphasis on implementing environmental protection measures in our daily operations. The Company has established an environmental protection supervision team comprising general manager as the team leader, other senior management as the deputy team leader and the heads of various departments as members, and formulated the Administrative Measures for Urban and Rural Environmental Comprehensive Management to regulate the appearance, order, environmental sanitation and greening ecology at high-speed full-line, office areas and service areas. While the Company's main business is not in a highly polluting or hazardous industry, the traffic on the Company's expressways may produce exhaust gas, dust and noise pollution, and the Group's road maintenance, expansion or construction work may affect the surrounding vegetation, soil and water. Therefore, the Company has strictly controlled dust, noise and sewage discharge, and required measures such as closure, dust reduction and noise reduction be taken at the road construction site.

DIRECTORS' REPORT

COMPLIANCE WITH LAWS AND REGULATIONS

The Company is subject to a number of laws and regulations, which mainly include the Company Law of the PRC, the Contract Law of the PRC, the Property Law of the PRC, the Labour Law of the PRC, the Highway Law of the PRC, the Safety Production Law of the PRC, the Road Traffic Safety Law of the PRC, the Environmental Protection Law of the PRC, the Special Equipment Safety Law of the PRC, the Law on Prevention and Control of Environmental Pollution by Solid Waste of the PRC, Regulations on Safety Management of Dangerous Chemicals, Regulation on the Administration of Toll Roads, the Regulation on Highway Safety Protection, Code for Design and Construction of Automobile Petrol and Gas Stations and Sichuan Expressway Regulations.

Through internal control, compliance management, business approval procedures and employee training, the Company ensures compliance with applicable laws, regulations and regulatory documents, especially those that have significant impact on our main business; the Company will notify relevant employees and operating teams from time to time of any changes in applicable laws, regulations and regulatory documents applicable to our main business.

During the Reporting Period, to the best knowledge of the Directors, save as disclosed under the section headed "Progress of Land Use Rights" of this Directors' Report, the Company did not have any non-compliance with applicable laws and regulations that are significant to the Company.

RELATIONSHIP WITH STAKEHOLDERS

The Company is of the view that its employees, customers and business partners are important to its sustainable development. The Company is committed to maintaining close relationship with its employees, providing quality services to customers and strengthening the cooperation with its business partners. The Company provides a fair and safe workplace, promotes diversity of the staff, offers competitive remuneration and benefits and career development opportunities based on their merits and performance. The Company also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfilment in their positions.

The Group understands that customer satisfaction is critical to the Group's development. With respect to expressways, the Group created a sound driving experience for our customers by providing quality toll collection services, a safe driving environment, and beautiful highway scenery. At the same time, the monitoring centre and the road administration brigade of the Group can rush to the scene when receiving or discovering customer demand for assistance. With respect to energy business, the Group thoughtfully understands customer needs and constantly enhances customer loyalty through offering standard oil and gas products and quality refueling services. To improve customer service level, the Group has established a customer complaint mechanism to deal with complaints promptly.

The Group is also dedicated to develop good relationship with suppliers and contractors to ensure the smooth and healthy development of the Group's business. The Group reinforces business partnerships with suppliers and contractors by ongoing communication in a proactive and effective manner to ensure quality and timely delivery.

EQUITY-LINKED AGREEMENT

No equity-linked agreement was entered into by the Company during the Reporting Period or subsisted as at the end of the Reporting Period.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Article of Association and the laws of PRC which oblige the Company to offer pre-emptive rights of new shares to existing shareholders on their shareholding proportion.

PROPERTY, PLANT AND EQUIPMENT

Details of changes in the property, plant and equipment of the Group during the Reporting Period are set out in note 13 to the financial statements of this annual report.

SERVICE CONCESSION ARRANGEMENTS

Details of changes in the service concession arrangements of the Group during the Reporting Period are set out in note 16 to the financial statements of this annual report.

EMPLOYEE AND REMUNERATION POLICIES

As of the end of the Reporting Period, the Group had an aggregate of 1,780 employees (31 December 2019 (restated): 1,876), including 1,504 front-line staff, accounting for 84.5% of the total; 201 general management personnel, including staff in finance, human resources and other departments, accounting for 11.3% of the total; and 75 middle-level department managers and above, accounting for 4.2% of the total.

The remuneration and benefit policies of the Group were implemented pursuant to the statutory requirements and the Management Measures for Benefits (《福利管理辦法》) of the Group. Staff remuneration and benefits, comprising wage, performance bonus and statutory and company benefits, are determined in accordance with the comprehensive appraisal results of the staff members based on the principle of "salary is determined based on position, and salary varies with position", which indicates strategies, market and performance orientation and internal and external impartiality.

Pursuant to statutory requirements, the Group has participated in the employee retirement scheme organised by the local government authorities (social pension insurance) and the housing provident fund plan, and has adopted various protection plans such as basic medical insurance, work injury insurance, unemployment insurance and maternity insurance for its employees.

DIRECTORS' REPORT

The Company's executive Directors, senior management and the employee representative Supervisors received management remuneration based on their specific management positions in the Company. Remuneration of the senior management includes fixed salary and performance bonuses, of which performance bonuses are calculated based on how the annual performance targets are met by them, and will be reviewed by the Remuneration and Evaluation Committee.

The Board determines the Company's annual operating performance targets each year and sets out clear and concrete rating criteria as the basis for year-end appraisals on the overall performance of the senior management of the Company. During the Reporting Period, the Company made allocation and assessment on eight key performance targets, namely operation results, specific tasks, reform and consolidation, operation and management, negative list, integrity, party construction and work appraisal.

Based on the operating performance targets approved by the Board, the Company will determine the annual tasks and targets for subsidiaries of all ranks, segregate and delegate the Company's objectives to the relevant enterprises and staff. Meanwhile, each subsidiary is required to sign accountability statements on operation results with the general manager of the Company. At the end of 2020, the Board and the general manager determined the overall performance score of the Company and individual performance scores of the senior management members with reference to the state of completion of the Company's and individual performance targets, and calculate the performance bonuses for the senior management members accordingly. The remuneration of all senior management members is subject to review by the Remuneration and Evaluation Committee which need to be reported to the Board.

The Group values staff training and has established the Management Measures on Employee Training and a preliminary training system based on job competency. During the Reporting Period, the Company and its departments have organised various training sessions, which covered general management, operating management and professional skills, covering employees of all levels from front-line staff to senior management. The Group will also provide employees with comprehensive benefit plans and career development opportunities, including retirement plans, medical benefits and on-the-job training, IT training, safety training, toll calculation training and service etiquette training based on their needs.

During the Reporting Period, the relevant staff costs amounted to approximately RMB223,636,000 (2019 (restated): approximately RMB257,508,000). For details, please refer to note 8 to the consolidated financial statements of this annual report.

PROGRESS OF LAND USE RIGHTS

The Group had not obtained the land use right certificates for part of the land with a site area of approximately 166,593 square metres used for the expansion project of our Chengpeng Expressway (the "Land"). The Land accounts for approximately 18.4% of the land used for this expansion project. The Land consists of (i) the one additional lane which was added next to each of the exterior lane of the pre-expansion Chengpeng Expressway for the road section between Chengmian Expressway (Parallel Line) and Chengdu No. 2 Ring Expressway; and (ii) the two additional lanes which were added next to each of the exterior lanes of the pre-expansion Chengpeng Expressway for the road section between Chengdu No. 2 Ring Expressway and the Chengdu Toll Plaza of Chengpeng Expressway.

The Group has applied for the relevant approval and certificate and has obtained confirmation letters from Chengdu Municipal Land and Resources Bureau on 29 May 2018 and 9 October 2018, which confirmed that (i) the intended use of Land is in compliance with the regional planning, (ii) the application has been approved, (iii) there is no substantive impediment for the Company to complete the application, (iv) no administrative penalty had ever been issued against Chengpeng Expressway Company with respect to land use rights, and (v) they will grant the land use rights certificate when the administrative procedures have been completed. The Group has also obtained a confirmation letter from Sichuan Provincial Land and Resources Department on 5 June 2018, which confirmed that (i) the expansion project of Chengpeng Expressway is a key project for both Chengdu and Sichuan Province, critical to the wellbeing of local residents, and is in line with the overall land utilisation plan; and (ii) there is no substantive impediment for the Group to complete the application for land use rights.

The Group received the land expropriation approval for construction (Chuanfutu [2019] No. 177) issued by the People's Government of Sichuan Province on 7 May 2019, which confirmed that the Land involved in the project was provided by the local people's government in accordance with laws and relevant regulations and will be used as the construction land for the expansion and renovation project of Chengpeng Expressway.

At the request of Chengdu Planning and Natural Resources Bureau (being the government organ reformed and consolidated from, among others, Chengdu Municipal Land and Resources Bureau and Chengdu Municipal Planning Bureau), Chengpeng Expressway Company submitted relevant materials required for obtaining the ownership certificate, which are under review for the time being. Before obtaining the real estate ownership certificate, the normal operation of Chengpeng Expressway will not be adversely affected.

DIRECTORS' REPORT

MAJOR RISKS AND UNCERTAINTIES

The risks faced by the Group primarily include policy risks, market risks and financial risks and others. The Company attaches great importance to the above risks, takes the initiative to identify, evaluate and respond to the risks arising during the course of business, and will gradually establish and improve the systematic risk management mechanism.

Policy risks and the corresponding measures

Renew or extend the duration of right to operate expressway

The remaining operating period of the Group's expressways ranges from 3 years to 17 years. While the Group strives to renew or extend the operating periods of its expressways, it cannot assure that the Group will be able to obtain the necessary approval from relevant government authorities. Failure to extend the duration of our right to operate the expressways may materially and adversely affect the Group's business, results of operations and financial condition. Any adverse change to such arrangements with local governments could have a material adverse effect on the Group's financial position, results of operations and prospects.

Tolling policy

Toll rates charged by toll roads in China are set by various provincial or local government authorities. Any proposed toll rate increase requires approval by the relevant government authorities, taking into account various factors such as traffic flow, construction and operational costs of the expressways, prospective recovery periods of investment, loan repayment terms, inflation rate, management, operation and maintenance costs of the expressways and affordability to users. As an operator of expressways, the Company may from time to time apply to the relevant governmental authorities for change in toll rate. However, the Company cannot assure that the governmental authorities will approve such application in a timely manner, or at all. Further, the Company cannot assure that the governmental authorities will not at any time request a toll rate reduction or exemption. If government authorities fail to approve in a timely manner or do not approve the request of the Company to raise toll rates, or require a reduction or waiver in toll payment, the business and operating results of the Company may be materially and adversely affected.

Pursuant to the Sichuan Province Management Regulation on Linking Expressway Toll Rates with Quality of Construction and Services (《四川省高速公路車輛通行費收費標準與工程和服務質量掛鈎管理辦法》) jointly promulgated by the Department of Transportation of Sichuan Province, Sichuan Provincial Development and Reform Commission and Finance Department of Sichuan Province, effective from 1 April 2016, toll rates of expressways located in Sichuan Province will be subject to annual adjustments based on an evaluation of an expressway's construction and services quality. For expressways that are currently in operation, if the service quality score of the expressway falls below 85 points or if major accidents have occurred on the expressway due to improper expressway management, the toll rates of such expressway will be lowered by 5% in the following year. The Company cannot assure that its toll rates will not be lowered in the future, which may have a material adverse effect on the revenue and results of operations of the Company.

The Classification by Vehicle Types on Toll Roads (JT/T489-2019) issued by the MOT and implemented on 1 January 2020, stipulates that passenger vehicle and freight vehicle are charged according to the classification of vehicle types. Although vehicle classification standards have been adjusted by the competent authorities from time to time and such adjustments have not affected the Group's toll income significantly, there can be no assurance that any future guidelines, notices or changes of the government policies relating to transportation and logistics will not adversely affect the business, results of operations, financial conditions and prospects of the Group. In addition, certain vehicles are exempted from toll payment pursuant to the Regulations on the Administration of Toll Roads (《收費公路管理條例》), the Notice of the State Council on the Approval and Forwarding of the Implementation of the Toll-Free Policy on Small Passenger Vehicles on Major Festivals and Holidays Promulgated by the Ministry of Transport and Other Departments (《國務院關於批轉交通運輸部等部門重大節假日免收小型客車通行費實施方案的通知》) (the "Holiday Toll-Free Policy") and the Notice on Further Improving Policies for Green Passage of Live Agricultural Products (Jiao Gong Lu Fa[2019] No. 99) (《關於進一步優化鮮活農產品運輸"綠色通道"政策的通知》). There can be no assurance that the relevant government authorities will not implement toll discount or toll-free policies and any other policies in relation to tolls or toll rates in the future, which may adversely affect the Group's business, results of operations, financial conditions and prospects.

Corresponding measures

For policy risks, the Group will adopt the following counter-measures: (i) promoting the continuous growth of the Group's asset scale and operating results through investment in and construction of expressways with sound development prospects; and (ii) mitigating impact from failure of the Group to renew or extend the service concession periods of expressways of the Group through expanding into expressway-related services or investment projects, including expressway entrusted operation and management services and introducing petrol and gas station operation business. The Group will continue to keep a close eye on relevant potential investment projects, in a bid to further mitigate the impact from possible failure to renew or extend the service concession periods of expressways.

Market risks and corresponding measures

Impact of decline in traffic volume

Revenue from expressways of the Group primarily depends on the number of vehicles on its expressways. Traffic volume is directly and indirectly affected by a number of factors, including: toll rates, fuel prices, vehicle prices and the cost of owning and operating vehicles, mix between different vehicle classes using the expressways of the Group, capacity constraints on the number of vehicles and the mix of different vehicle classes that can efficiently use its expressways in any given period, occurrence of natural disasters, accidents, road closures or restricted access caused by upgrade, expansion and repair projects undertaken, and changes in laws, regulations and policies, etc.

The traffic volume on a given toll road is also influenced by the extent of its connectivity with other local and national route networks. Future changes in the route system and network in Sichuan Province may adversely affect the traffic volume on the expressways of the Group. Any decline in traffic volume may adversely affect the Group's revenue and earnings.

DIRECTORS' REPORT

Impact of competing roads and alternative forms of transportation

The Group's results of operations may be affected by competition from the following sources: including (i) existing competing roads and bridges of a comparable quality, the expanding high speed train network and the planning and development of subways and inter-city light rail systems; and (ii) new competing expressways which may or may not have lower toll rates.

Alternative forms of transportation may provide travellers with more comfortable and convenient transportation services. The Company cannot assure that it will be able to maintain or improve the road conditions of its expressways in order to compete with existing and new forms of transportation. In the event there are changes to passenger and transportation patterns, resulting in a decrease in the overall traffic volumes on the expressways of the Group, the Group's business, financial position and results of operations could be affected.

Highways in the Chengdu metropolitan area that currently compete with the expressways of the Company include Chengqing Freeway (成青快速通道), Chengmian Expressway (成綿高速公路), Chengya Expressway (成雅高速公路), Chengwenqiong Highway (成溫邛快速通道) and Chengqingjin Freeway (成青金快速通道). In addition, Chengdu Economic Zone Ring (3rd) Expressway (成都經濟區環線（三繞）高速), which is currently under construction, may potentially compete with Chengguan Expressway and Chengpeng Expressway in the future. Therefore, the Company cannot assure that the traffic volumes of the expressways operated by the Group will maintain the same level or increase in the future, nor can the Group assure that the revenue and profit of the Company will not be adversely affected.

Corresponding measures

For market risks, the Company will strengthen the communications with the government and the peers, to timely understand road network planning, project construction progress and subsequent planning adjustment, and carry out network research and analysis in advance, so as to accurately keep on track of the traffic trends to ensure accuracy of operation and development strategic decisions of the Company.

Impact of the selling prices of the energy segment

The Group is also engaged in retail of refined oil through Energy Development Company. The maximum retail price of refined oil shall be subject to the Measures for the Administration of Petroleum Prices (《石油價格管理辦法》) issued by National Development and Reform Commission in 2016, that is, domestic retail price of refined oil will be upgraded or downgraded within a certain range based on the changes in global oil prices. Therefore, the Group cannot guarantee an increase or decrease in the retail price of refined oil in future or the positive or negative impact thereof on the Group's revenue and profit.

Corresponding measures

To cope with the price risk of the energy segment, the Group will strengthen communication and coordination with suppliers and strive to purchase refined oil at the most favourable price leveraging the Refined Oil Framework Agreement and bulk procurement, so as to reduce the purchase cost of refined oil and improve profitability of the energy segment.

Financial risks and corresponding measures

For the Company's financial risks and uncertainties, please refer to notes 3 and 38 to the consolidated financial statements in this annual report.

SUBSEQUENT EVENTS

Subscription for Structured Deposit

The Company subscribed for the low risk structured deposit offered by Chengdu No.1 Sub-branch of China Construction Bank Corporation (中國建設銀行股份有限公司) for RMB380 million on 5 January 2021. The term of investment commences from 8 January 2021 to 22 June 2021 and the structured deposit is principal-guaranteed with floating return with an expected annualised rate of return of 1.54% to 3.40%. The Company shall not redeem the principal and income in advance during the duration.

For further details of the subscription for the structured deposit, please refer to the announcement of the Company dated 5 January 2021.

Entering into of the Construction Project Entrusted Management Contracts

On 17 March 2021, Energy Development Company and Chengdu Communications Investment entered into several Construction Project Entrusted Management Contracts, pursuant to which Chengdu Communications Investment entrusts Energy Development Company to provide project construction management services for the construction projects specified in each Construction Project Entrusted Management Contract. Such contracts shall become effective from the date of signing and sealing by both parties, and shall end after completion of the project transfer procedures and settlement of relevant fees by both parties based on the final audit. Management fees (including inventive payment (if any)) payable to Energy Development Company by Chengdu Communications Investment under such contracts will not exceed RMB5.337 million.

For further details of the Construction Project Entrusted Management Contracts, please refer to the announcement of the Company dated 17 March 2021.

Alignment in Preparation of Financial Statements in Accordance with China Accounting Standards for Business Enterprises, Cessation of Re-appointment of International Auditor and Proposed Appointment of Auditor for 2021

To improve auditing efficiency, save auditing fees and reduce discrepancies in information disclosure, the Board resolved on 25 March 2021 to propose alignment in preparation of financial statements in accordance with China Accounting Standards for Business Enterprises commencing from 2021. In this regard, the Board also resolved on the same date to propose to cease re-appointment of Ernst & Young as the international auditor of the Company and appoint Ernst & Young Hua Ming LLP as the auditor of the Company for 2021. The above proposals are subject to approval by the Shareholders at the 2020 AGM by way of ordinary resolutions. For details of the proposals, please refer to the announcement of the Company dated 25 March 2021.

CHARITABLE UNDERTAKINGS

During the Reporting Period, the Group donated a total of RMB73,163 to charitable undertakings.

DIRECTORS' REPORT

INDEPENDENT AUDITOR

Ernst & Young has been appointed by the Company as the international auditor of the year 2020. The financial statements of the year 2020 prepared in accordance with International Financial Reporting Standards have been audited by Ernst & Young, which has issued an audit report with unqualified opinions. Ernst & Young has been the international auditor of the Company since listing of the Company in 2019.

Commencing from 2021, the Company proposed alignment in preparation of financial statements in accordance with China Accounting Standards for Business Enterprises. Therefore, the Company also proposed to cease re-appointment of Ernst & Young as its international auditor. The Board also proposed to appoint Ernst & Young Hua Ming LLP as the auditor of the Company for 2021. The aforementioned proposals are subject to approval by the Shareholders at the AGM.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Company has established an Audit and Risk Management Committee in accordance with the requirements of the Corporate Governance Code to review and oversee the financial reporting, risk management and internal control of the Group. The Audit and Risk Management Committee of the Company has discussed with the management and reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2020.

The other sections, reports or notes to this report mentioned above form part of this Directors' Report.

By order of the Board
Chengdu Expressway Co., Ltd.
Xiao Jun
Chairman
Chengdu, the PRC, 25 March 2021

REPORT OF THE SUPERVISORY COMMITTEE

In 2020, the supervisory committee of the Company (the "Supervisory Committee") continued to conduct in-depth study on and implement the socialism with Chinese characteristics in the new era proposed by President Xi Jinping and the spirit of the Fifth Plenary Session of the 19th CPC Central Committee, acted in line with relevant laws and regulations, including the Company Law, the Listing Rules of the Hong Kong Stock Exchange and the requirements for supervision of state-owned assets, stayed committed to the Company's operation and development and meticulously fulfilled its supervisory obligations based on the principle of compliance corporate governance to boost the supervisory effect, thus securing positive achievements in various tasks. Pursuant to the relevant requirements of the Articles of Association and the Rules of Procedures for the Supervisory Committee of the Company, the Supervisory Committee convened a total of five meetings in 2020, at which 13 significant resolutions were considered, including the resolutions on annual report, results announcements, annual financial report, profit distribution plan and internal control assessment report of the Company.

I. PRIMARY TASKS

(I) Effectively discharging daily supervision function

In 2020, the members of the Supervisory Committee presented at a total of 28 Board meetings and attended two general meetings of the Company, at which it furnished recommendations on 95 Board resolutions and 16 resolutions of the general meetings, respectively. During the Reporting Period, the Supervisors participated in the consideration of the remunerations of the senior management, major construction projects, establishment of companies, major acquisitions, connected transactions, amendments to the Articles of Association, finance management, acquisition and disposal of fixed assets and other significant resolutions, thereby effectively discharging its supervisory responsibilities to safeguard the steady and compliance operation of the Company.

(II) Contributing to investments and mergers and acquisitions of the Company

In 2020, the Company proactively exploited new business fields and revenue growth drivers to achieve sustainable development and realise diversified layout. It successfully completed the acquisition of 94.49% of the total shares of Energy Development Company and won the bids for operation and management business of Tianfu Airport Expressway and Pudu Expressway. During the rapid progressive course of the Company, the Supervisory Committee raised advice for significant resolutions through prior supervision and effective participation to enhance its supervisory effect, facilitate the Company to efficiently prevent and mitigate risks in investment and mergers and acquisitions and safeguard the steady development of the Company.

(III) Optimising corporate governance

In 2020, the Company embarked on first-class and professional operation and management of expressways. It reformed and integrated four existing expressway companies and established Operation Company to manage the day-to-day operations of expressway companies through flat hierarchy. During such reform and integration, the Supervisory Committee, in strict accordance with the Company's decision-making process and relevant management requirements, participated in consideration over the establishment of the Operation Company, list of authorised management and other significant resolutions to guarantee the scientific decision-making and smooth implementation of the reform and integration. Leveraging internal professional consolidation, remarkable results have been secured in terms of cost reduction and efficiency enhancement.

(IV) Focusing on supervision over finance of the Company

The Supervisory Committee focused on the major finance management of the Company for 2020 and strictly inspected the financial report and annual report of the Company to ensure the standardisation and compliance of the Company's finance management. During the Reporting Period, it considered the Company's 2019 annual results announcement, 2019 annual report, 2019 annual financial report, 2020 interim results announcement and 2020 interim report and participated in the consideration of financing-related matters, debt structure optimisation of subsidiaries and initiation of the capital management system proposed to the Board, providing advice for capital management, financial position, operating results and finance management condition of the Company, which effectively enhanced the Company's capital management efficiency, finance management level and disclosure in the annual report.

(V) Continuously strengthening compliance management

The Supervisory Committee continued to keep track of the Company's internal control and management and motivated relevant departments of the Company to implement internal control and management measures, so as to ensure practical implementation of the internal control and management measures of the Company. During the Reporting Period, the Supervisory Committee considered the internal control assessment report, debriefed the report on the update of the list of connected persons of the Company, participated in the consideration of the amendments to the management systems proposed to the Board, instructed rectification of internal control defects and raised suggestions for the optimisation of the Company's management system, thus contributing to the improvement of the management system of the Company.

(VI) Successfully completing re-election for the Supervisory Committee

Pursuant to the Company Law, the Articles of Association and the Rules of Procedures for the Supervisory Committee of the Company, re-election of the Supervisory Committee was conducted in line with laws and regulations in 2020, which ensured the continuity and stability of the Supervisory Committee.

II. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELATED TASKS OF THE COMPANY

(I) Compliance operation of the Company

The Supervisory Committee supervised over the duty performance of the Directors and the management of the Company and believed that, the Board earnestly implemented the resolutions of the general meetings, conscientiously performed its obligations of good faith and due diligence, faithfully discharged its duties, made scientific decisions with standardised and legal procedures and continued to improve and implement the Company's internal control system in the principle of prudent operation and effective prevention to mitigate asset loss risks, thereby safeguarding the interests of the Shareholders. The Supervisory Committee did not identify any non-compliance or incidents detrimental to the interests of the Shareholders in its supervision over the duty performance of the Directors and the senior management of the Company.

(II) Financial condition of the Company

Upon supervision and inspection of the financial condition of the Company, the Supervisory Committee considered that the Group had implemented relevant national accounting standards and financial systems and the interim financial report and annual financial report of the Company gave a true and objective view of the Company's financial condition and operating results. The Company engaged Ernst & Young and Ernst & Young Hua Ming LLP to audit the consolidated financial statements of the Company for 2020 and issue report thereon, which gave an objective, true and complete view of the Company's operating results and financial condition.

REPORT OF THE SUPERVISORY COMMITTEE

(III) Connected transactions of the Company

The Supervisory Committee considered that the connected transactions of the Company during the year were conducted in the usual and ordinary business course of the Company and on normal commercial terms, and in the interests of the Company and its Shareholders as a whole. The continuing connected transactions of the Company during the year were conducted under the principles of fairness, impartiality and openness. The transaction prices followed the pricing principles of these continuing connected transactions without exceeding the annual caps established by the Company, and were in the interests of the Company and its shareholders as a whole. The Supervisory Committee is not aware of any insider dealing or breach of good faith by the Board in any decision-making, execution of agreements or information disclosure.

(IV) Review opinions on the annual report of the Company for 2020 and its abstract

Upon review of the 2020 annual report of the Company and its abstract, the Supervisory Committee considered that the 2020 annual report conformed to the requirements of laws and regulatory regulations and gave a true, accurate and complete view of the actual condition of the Company from all aspects without any misrepresentation, misleading statement or material omission.

(V) Opinions on the self-assessment report of internal control

Upon earnest review of the self-assessment report of internal control and meticulous inspection over the construction and operation of the internal control system of the Company for 2020, the Supervisory Committee considered that, the existing internal control system had been effectively implemented and complied with the normative requirements of laws, regulations and the regulatory authorities. The internal control self-assessment report of the Company for 2020 gave a true and objective view of the construction and operation of the internal control system of the Company and no material deficiency was identified.

III. FUTURE WORK PLANS

Looking back to 2020, leveraging the continuous enrichment of its supervision methods and gradual realisation of its supervision effect by the Supervisory Committee, various tasks of the Company achieved progress and improvement and the Company turned an aggressive new leaf. However, considering the new environment, tasks and requirements for the development the Company, the Supervisory Committee is required to enhance its functions in future duty performance.

(I) Boosting supervision and inspection over operating and management tasks

The Supervisory Committee will be committed to the development path of the Company, focus on hardcore supervision tasks, keep an close eye on "three majors and one significant (major decision-making events, appointment and removal of major officials, decision-making regarding major investment projects and utilisation of significant amount of capital)" events, and determine whether the procedures comply with laws and regulations, decision-making process is scientific and risks are controllable, so as to contribute to the rapid development of the Company.

(II) Promoting the corporate governance structure

The Supervisory Committee will enhance its construction and work instructions, vigorously promote the establishment and improvement of the supervisory function, clarify the department in charge of the tasks of a supervisory committee and effectively exert the supervision and instruction function.

(III) Enhancing self-construction of the Supervisory Committee

The Supervisory Committee, as an integral component of the corporate governance structure of the Company which performs the supervision function, is required to deepen insight, enhance system-oriented, strategic and forward-looking mindset, boost competency through continuous study, streamline and strengthen supervision function specific to supervisors, scientifically formulate work plans, purposely conduct various supervisory tasks and promote the functioning of the Supervisory Committee.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THE REPORT

The Group is pleased to release our third Environmental, Social and Governance ("ESG") Report. This report summarizes our implementation of the sustainable concept and fulfillment of our corporate social responsibilities. This report has been reviewed and approved by the Board.

Reporting Standards

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "Guide") as set out in Appendix 27 to the Listing Rules. This report has complied with the "comply or explain" requirement of the Guide and the "materiality", "quantitative", "balance" and "consistency" reporting principles.

Reporting Scope

This report contains the overall performance of the Group regarding sustainable development during the period from 1 January 2020 to 31 December 2020 (the "Year" or "Reporting Period"). Unless otherwise specified, data on environmental and social aspects as disclosed in this report cover businesses under direct control of the Group. For detailed information on the corporate governance of the Group, please refer to the section headed "Corporate Governance Report" in the annual report or the official website of the Group at http://www.chengdugs.com/.

Reporting Language

This report is prepared in both traditional Chinese and English. In case of any inconsistencies, the former shall prevail.

Feedback to the Report

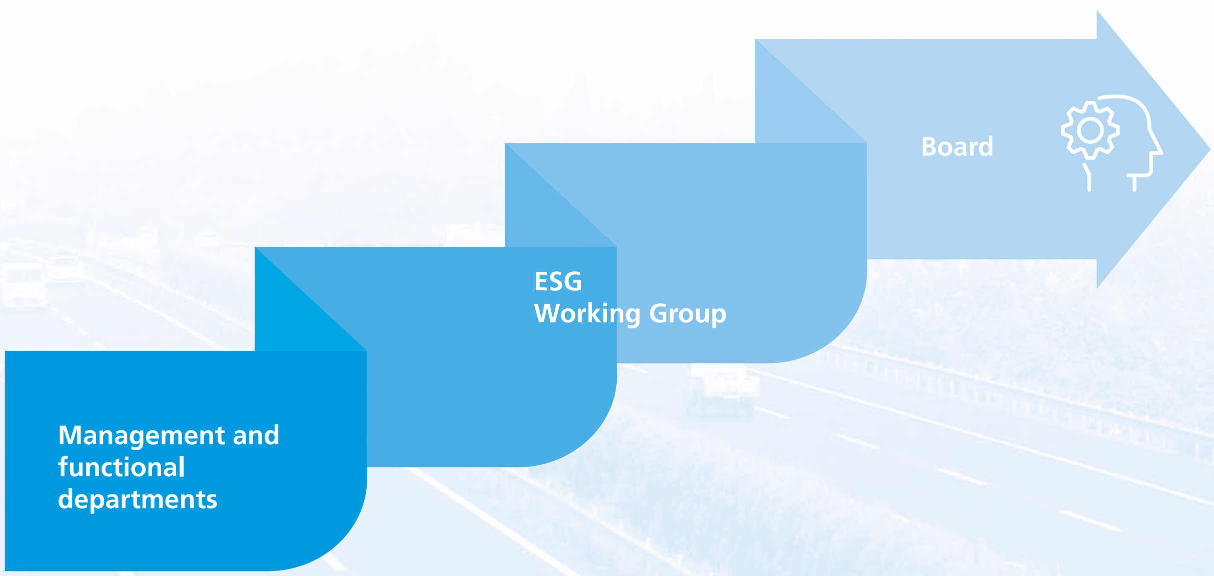
If you have any inquiry or suggestion as to the Report or the sustainable development policies of the Group, please contact us via e-mail (cggfdb@chengdugs.com).

2. SUSTAINABLE DEVELOPMENT STRATEGY

The Group is primarily engaged in operation, management and development of expressways in and around Chengdu, Sichuan province, the PRC as well as retailing of refined oil and operation of CNG. While exploring diversified business development, we strive to consolidate the traditional "expressway" segment, formulate sustainable development strategies in the short and mid-to-long run and integrate the "energy" segment into the operation and management of the Group, sparing no effort to enhance the Group's overall ESG performance.

2.1. ESG Structure

The Group's ESG structure comprises the Board, the ESG working group, management and each functional department. The Board is held solely accountable to the ESG strategies and reporting, and is responsible for evaluating and determining ESG-related risks, ensuring the establishment of appropriate and effective risk management and internal control systems, and instructing the management to review the efficiency of relevant systems. The ESG working group is designated to manage ESG-related tasks and shall report to the Board on a regular basis. The management and each functional department are responsible for practical implementation of ESG-related tasks.



ESG Structure

The ESG working group consists of four Board members and one secretary to the Board. The group members shall be determined by the Board upon consideration and the group leader shall be nominated by the chairman of the Board and appointed by the Board. The term of the members shall be the same as that of the Board members and the secretary to the Board. Group members may offer themselves for re-election upon maturity of their terms. The responsibilities of the ESG working group include:

- to determine and approve the ESG management policies and strategies, including processes of evaluating, prioritising and managing material ESG-related matters (including business risks);
- to review and supervise ESG policies and practice, and search material ESG information;
- to analyse the correlation between ESG risks (including climate change risks) and the overall risk management system, and raise advice on risk control;
- to supervise implementation of ESG policies by each functional department, including quality of working environment, environmental protection, operation practice, community engagement and animal protection;
- to collect and analyse ESG-related key performance indicators on a regular basis and submit to the Board for consideration, so as to inform the Board of the progress towards fulfillment of ESG management performance objectives;
- to join in preparation of the annual ESG report, and submit to the management and Board for consideration and approval;
- to maintain operation of the corporate social responsibility management system, and enhance employees' awareness of corporate social responsibilities;
- to respond to suggestions on material ESG matters raised by shareholders and key stakeholders;
- to ensure that the Group acts in compliance with relevant laws and regulatory requirements, and monitor and address latest ESG topics; and
- to put forward advice to the Board as and when appropriate to enhance the Group's ESG performance.

2.2. Stakeholder Communication

The Group maintains communication with stakeholders to keep track of their views and expectations towards our ESG topics. During the Year, we reached out to stakeholders in different fields through various channels, including shareholders/investors, customers, employees, business partners, suppliers, regulatory bodies, media, community/non-governmental organisations.

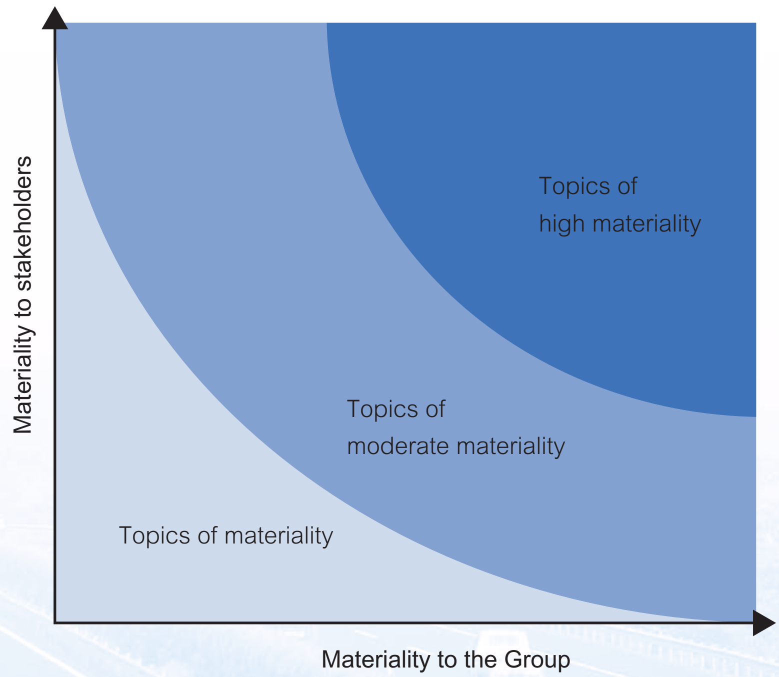
Stakeholders	Major topics of concern	Communication channel
Shareholders/Investors	• Economic performance • Compliance operation • Information transparency • Effective communication	• Annual general meetings and other general meetings • Investor conferences • Interim and annual reports • Corporate communications • Results announcements • Shareholder visits
Customers	• Customer service • Complaint handling • Information security	• Daily operation/ communication • Telephone calls • E-mails
Employees	• Salaries and benefits • Occupational health and safety • Training and development	• Work performance interviews/ appraisal • Panel discussions/meetings • Employee congress • Employee opinion survey • Seminars/workshops/lectures • Publications/business briefs • Volunteer activities • WeChat exchange groups/ e-mails
Business partners	• Compliance operation • Common development • Harmonious co-existence	• Reports • Conferences • Visits • Lectures

Stakeholders	Major topics of concern	Communication channel
Suppliers	• Fair competition • Sustainable supply chain • Transparent procurement	• Supplier management procedures • Supplier/contractor evaluation system • Conferences • Site visits
Regulators	• Compliance operation • Information transparency	• Compliance reports • Conferences
Media	• Information transparency	• Press releases • Senior management visits • Results announcements
Community/ Non-governmental organisations	• Community welfare • Environmental protection	• Donations • Community activities • Volunteering activities

2.3. Materiality Assessment

During the Year, taking into account our operating performance and topics of concern of stakeholders, and with reference to the disclosure obligations under the Guide, the Materiality Map issued by the Sustainability Accounting Standards Board (SASB) and the best practice in the industry, the Group identified ESG topics relevant to the business of the Group to formulate our sustainable development strategies. We ultimately identified 27 materiality topics, including 18 of high materiality, three of moderate materiality and six of materiality, as the basis of this report.

Materiality Matrix



Topics of high materiality	Topics of moderate materiality	Topics of materiality
Employee salary and benefits	Water resource management	Greenhouse gas emissions
Employee health and safety	Use of land	Waste management
Employee training and development	Community charitable undertakings	Energy management
Prevention of child and forced labour		Wastewater discharge
Talent attraction and retaining		Resource utilisation and recycling
Supply chain management		Protection of intellectual property rights
Road quality		
Safe production		
Road traffic transportation efficiency		
Noise management		
Prevention of unfair competition		
Response to customer complaints		
Protection of customer privacy		
Customer service quality		
Anti-corruption		
Promotion of local employment		
Sustainable development management system		
Risk management of significant events		

3. RESPONSIBLE OPERATION

The Group attaches great importance to corporate image and remains committed to responsible operation. Leveraging the establishment of sound internal control and risk management systems, we standardise management over business segments and strive to improve the quality and service capacity of expressways, petrol stations and gas stations, as well as overall corporate governance, to promote the steady development of our businesses.

3.1. Road and Energy Safety Management

As an investor, constructor and operator of expressways, road safety is the Group's important business concern. With a close eye on the updates of expressway maintenance technologies, active introduction and application of new technology, new materials, new process and new equipment for expressway maintenance, we are dedicated to enhance the quality and safety management capacity of road infrastructure. Meanwhile, we also place an emphasis on the safety management of petrol and gas stations through proactive improvement of safety supervision mode, establishment of security information platform and enhancing routine safety inspection of road stations, so as to safeguard the interests of users and other stakeholders.

During the Reporting Period, the Group comprehensively implemented expressway maintenance and management in strict accordance with the laws and regulations such as the Contract Law of the PRC (《中華人民共和國合同法》), Property Law of the PRC (《中華人民共和國物權法》), Highway Law of the PRC (《中華人民共和國公路法》), Production Safety Law of the PRC (《中華人民共和國安全生產法》), Road Traffic Safety Law of the PRC (《中華人民共和國道路交通安全法》), Toll Road Management Regulations of the PRC (《中華人民共和國收費公路管理條例》), Highway Safety Protection Regulations (《公路安全保護條例》), Sichuan Expressway Regulations (《四川省高速公路條例》), and the industry standards such as Highway Technical Condition Evaluation Standard (《公路技術狀況評定標準》), Highway Maintenance Technical Specification (《公路養護技術規範》), Highway Bridge and Culvert Maintenance Specification (《公路橋涵養護規範》), Highway Traffic Safety Facilities Design Specification (《公路交通安全設施設計規範》), Highway Traffic Safety Facilities Construction Technical Specification (《公路交通安全設施施工技術規範》), Highway Subgrade Construction Technical Specification (《公路路基施工技術規範》), Chengdu Civilised Construction Technical Standard (《成都市建設工程文明施工標準化技術標準》), Highway Engineering Quality Inspection and Evaluation Standard (《公路工程質量檢驗評定標準》), Special Equipment Safety Law of the PRC (《中華人民共和國特種設備安全法》), Regulations on Safety Management of Dangerous Chemicals (《危險化學品安全管理條例》) and Code for Design and Construction of Automobile Petrol and Gas Stations (《汽車加油加氣站設計與施工規範》).

Road and Energy Safety Management Principle

We formulated the Expressway Maintenance and Management Measures (《高速公路養護管理辦法》) and the Regulations on Safety Management of Highway Engineering Construction and Maintenance Operation (《公路工程建設、養護作業安全管理規定》) to standardise production safety practices of expressway engineering construction, maintenance and repair in the principle of "precaution as focus, combination of precaution and control, reasonable planning and overall maintenance". To enhance production safety supervision, the Group formulated the Safety Inspection System (《安全檢查制度》), Management System for Investigation and Remediation of Potential Safety Hazards (《安全隱患排查整治管理制度》), Double Reporting System for Investigation and Management of Major Potential Hazards (《重大隱患排查治理"雙報告"制度》) and Management Measures for Information Reporting, Investigation and Handling of Emergencies and Safety Accidents (《突發事件、安全事故信息報告及調查處理管理辦法》), held various meetings to eliminate and manage potential hazards in construction, accident-prone sites (sections) on expressways, overpasses, service areas, idle areas and other key accident-prone areas, as well as hazard sources, and implemented the accountability system for production safety incidents, so as to identify and eliminate potential safety hazards in time and ensure road safety of expressways.

With respect to the energy segment, we also formulated a series of systems such as the Production Safety Target Management System (《安全生產目標管理制度》), Production Safety Accountability System Management System (《安全生產責任制管理制度》), Production Safety Input Guarantee System (《安全生產投入保障制度》) and Safety Risk Classification Management System (《安全風險分級管控管理制度》) to standardise management of production safety targets, implement production safety accountability system for each department and post, strengthen production safety, prevent and reduce work-related injuries and fatalities, occupational diseases, fire disasters and economic losses, guaranteeing smooth progress of operation and production leveraging safety technologies.

Fighting against floods

During the flood season in 2020, Chengdu in PRC suffered heavy rainstorms, which posed a severe condition for flood control. In face of the disaster, we adhered to the guideline of "precaution foremost and combination of prevention, fighting and relief", and implemented the "three-stage-check" system before, in and after rainstorm to ensure safety of station infrastructure and road transportation.

We launched flood season response plan in time, organised a flood fighting leading group, quickly despatched personnel and materials and joined hands with expressway law enforcement and maintenance bodies to optimise information disclosure, material allocation and onsite management. All expressway stations and road patrol teams conducted thorough safety inspections, dredged side ditches on key sections, repaired road slopes destroyed by the flood, and focused on hazards elimination of power supply rooms, drainage ditches, transportation safety infrastructure, overpasses and other key areas.

Leveraging the leadership of the Party committee of Operation Company and concerted efforts of all its Party members, we guaranteed smooth traffic of roads and achieved "zero accidents" during the flood season. The Party committee of Operation Company was honoured the title of "Chengdu Municipal Advanced Primary Party Unit in Flood Control and Disaster Relief (成都市防汛救災先進基層黨組織)".

3.2. Customer Service

The Group values customer service experience, and is committed to offering road users with a "beautiful, safe and convenient, regulated and superiorly served" travelling environment and refilling experience. We have set up monitoring centres and road brigades to provide assistance to road users whenever appropriate. We also proactively promoted smart transportation construction through establishing electronic toll collection lanes at all expressway stations and providing customers with comprehensive on-line services, including on-line registration, application, charging and offline approval and installation, which realised cashless toll payment and enhanced operating efficiency.

Service staff at toll stations and petrol and gas stations are required to attend service trainings at least twice a year with each training filed into records. The trainings cover hygiene and clear appearance, adequate and considerate services, use of civilised language, serving with smiles and traffic guidance. We also conduct customer satisfaction survey on a regular basis, put the customer satisfaction questionnaires at noticeable places for ease of completion by customers, collect and sort out survey results from time to time and address and record suggestions from customers in time, so as to enhance comprehensive upgrading of stations in terms of "management and service, environment appearance and safety production".

To further improve customer service capacity, the Group also formulated the Measures for Handling Complaints (《投訴處理辦法》) to standardise complaint handling process and establish an optimal complaint handling system. Customers may report complaints or feedback through e-mails, telephone calls, surveys or visits to the complaint centre. We will communicate with those lodging the complaints in a timely manner, categorise the complaints based on subjects and pass the specific cases to relevant departments for investigations. Complaints handlers are required to act in an objective, impartial and confidential manner, conclude the cases and respond to customers in time and record relevant information in detail. If a response cannot be furnished within the designated period, the complaint handlers will explain to customers who lodge the complaints and keep track of the cases. During the Reporting Period, the Group received a total 5,478 phone calls and 525 business complaints, all of which had been properly handled.

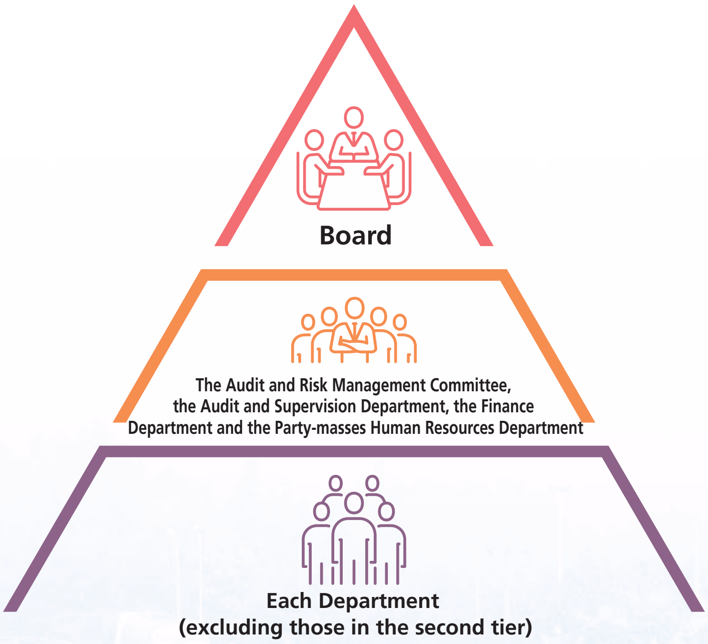
3.3. Information Security

The Group abides by the Law of the PRC on the Protection of State Secrets (《中華人民共和國保守國家秘密法》) and the Implementation Regulations of the Law of the PRC on the Protection of State Secrets (《中華人民共和國保守國家秘密法實施條例》) and other laws and regulations related to information security to safeguard the integrity of customer information. We have formulated the Confidentiality Work System (《保密工作制度》) and the Archives Management System (《檔案管理制度》) to regulate the collection, collation, storage, use and filing of archives. We clearly define the confidentiality requirements for each post, and restrict the data access by installing genuine operating system and office software, IP address, account password and data encryption, so as to strictly guarantee the security of customer and business information.

In terms of business information disclosure, in strict accordance with the Advertising Law of the PRC (《中華人民共和國廣告法》), Patent Law of the PRC (《中華人民共和國專利法》), Detailed Rules for the Implementation of Patent Law of the PRC (《中華人民共和國專利法實施細則》), Trademark Law of the PRC (《中華人民共和國商標法》) and Copyright Law of the PRC (《中華人民共和國著作權法》) and other laws and regulations, the Group earnestly handles matters related to advertising and intellectual property rights. We are committed to safeguarding the intellectual property rights of the Group and its business partners, such as patent rights, trademark rights and copyrights, and ensure that complete, true and accurate information is transmitted to the public in advertisements, so as to prevent any act of deception with false and misleading promotion.

3.4. Integrity Construction

The Group strictly abides by the Supervision Law of the PRC (《中華人民共和國監察法》), the Company Law of the PRC (《中華人民共和國公司法》), the Criminal Law of the PRC (《中華人民共和國刑法》) and the Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》) and other laws and regulations related to clean operation, and presses ahead with anti-corruption construction to safeguard corporate integrity.



Risk Management Structure

We have formulated the Measures for Risk Management (《風險管理辦法》), Measures for Compliance Management (《合規管理辦法》) and the Internal Audit System (《內部審計制度》) to specify the organisational structure and accountability of internal control and risk management, rationalise risk data collection, risk assessment and risk response process. The Company has established a three-tier prevention system for risk management, in which each department, excluding those in the second tier, acts as the first tier, and the Audit and Risk Management Committee, the Audit and Supervision Department, the Finance Department and the Party-masses Human Resources Department act as the second tier. The Audit and Supervision Department tracks and inspects risk management from aspects of internal control assessment, risk management evaluation and internal audit and the Finance Department and Party-masses Human Resources Department conduct centralised management over special risks in finance management and human resources management. The Audit and Supervision Department plays a dominant role among the three departments, and the Board acts as the third tier. The Company has maintained in place a risk management system through establishment of a complete risk management structure, where all departments and employees assume responsibilities for risk control.

We encourage employees and business partners to report potential fraudulent practice within the Group via telephone calls, e-mails, letters and other designated channels, so as to identify and rectify malpractice in a timely manner. We have also formulated the Measures for the Administration of Anti-Money Laundering (《反洗錢管理辦法》), Measures for Governing Micro-corruption (《治理"微腐敗"工作辦法》), Measures for Anti-Fraud Administration (《反舞弊工作管理辦法》), Interview System for the Construction of a Clean Party and Government (《黨風廉政建設約談制度》), Publicity and Education System for the Construction of a Clean Party and Government (《黨風廉政建設宣傳教育工作制度》) and Measures for the Administration of Fund Payment (《資金支付管理辦法》), so as to strengthen the regulation of employees' personal behavior, prevent malpractice for personal gains and promote construction of a clean corporate culture.

During the Reporting Period, we did not receive any lawsuits against the Group or our employees or any cases of corruption, bribery, extortion, fraud and money laundering.

3.5. Supply Chain Management

A sustainable supply chain is crucial for maintaining steady business growth. The Group focuses on supply chain management and is committed to establishing sound cooperative relations with suppliers and contractors. We strictly abide by the Law of the PRC on Tendering and Bidding (《中華人民共和國招標投標法》), the Implementation Regulations of the Law of the PRC on Tendering and Bidding (《中華人民共和國招標投標法實施條例》) and other laws and regulations, and have formulated the Interim Measures for Bidding Management (《招標管理暫行辦法》) to standardise the principles and procedures of bidding and bid selection. Our Contract Management Department is responsible for procedural review and full-process management of bidding documents and routine recording and filing of contacts and the Audit and Supervision Department is responsible for reviewing and monitoring the legitimacy and compliance of bidding documents.

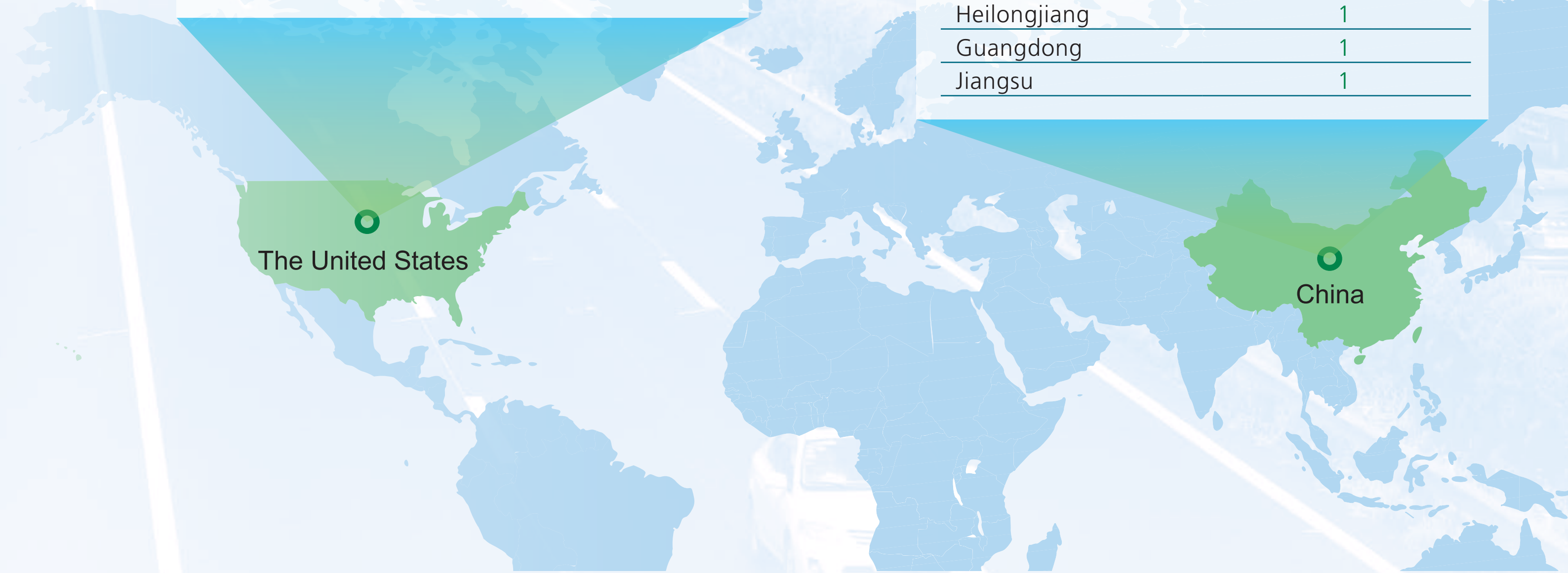
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group tracks the sustainable development performance and fulfillment of social responsibilities by suppliers. We maintain on-going dialogue with suppliers and assess them in the basic principle of horizontal comparison based on the factors of bidding requirements, quotation, quality and service. To strengthen precaution against relevant environmental and social risks along the supply chain, we will list in detail in the bidding documents the bidding conditions, background information and scope, as well as the indicative requirements for bidders, including qualification (whether there is a valid business license and safety production license, etc.), financial status, relevant construction performance (environmental protection and pollution prevention, implementation of project quality control and safety supervision, etc.), reputation, personnel qualifications and on-the-job requirements, and enter into the Supervision Contract with the project contractors, so as to ensure that the suppliers selected meet various operation and management requirements.

During the Year, more than 500 suppliers were involved in the Group's business operations, which primarily fall into sectors of service, engineering, procurement, leasing, borrowing, transferring, purchase and sale and others. Distribution of suppliers by region is set out below:

Country/region	Number of suppliers
Sichuan	442
Hong Kong	19
Beijing	16
Shanghai	5
Jiangxi	5
Chongqing	4
Tibet	4
Shanxi	3
Yunnan	2
Shaanxi	2
Hubei	1
Fujian	1
Heilongjiang	1
Guangdong	1
Jiangsu	1

Country/region	Number of suppliers
United States	1



4. PROFESSIONAL STAFF

To promote the "talent-empowered corporation" business development and operation strategy, the Group proactively optimises human resources structure, continues to improve talent nurturing system and attracts and retains talents leveraging diversified and equal working environment and competitive benefits, in a bid to forge a group of quality talents capable of leading and supporting the sustainable development of the Group. As of 31 December 2020, the Group had a total of 1,780 employees.

4.1. Employment Rights

The Group attaches great importance to employment rights and strictly abides by the Labour Law of the PRC (《中華人民共和國勞動法》), the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), the Law of the PRC on the Protection of Minors (《中華人民共和國未成年人保護法》), the Provisions on Prohibition of Child Labour (《禁止使用童工的規定》) and other laws and regulations on labour and employment. We formulated the Work System for Proposals of the Employee Congress (《職工代表大會提案工作制度》) to effectively protect the legitimate rights and interests of employees regarding "democratic management", "democratic decision-making" and "democratic supervision" and promote and improve corporate democratic management capacity.

We formulated the Measures for the Administration of Recruitment (《招聘管理辦法》) regarding recruitment and employment to specify recruitment process and optimise talent selection mechanism and set up annual recruitment plans based on the talent requirements of the Group at present and in future. Adhering to the principle of transparency, equality and impartiality, we select and recruit employees in strict accordance with the recruitment standards and procedures taking into account the applicants' education background, morality, work experience, professional skills and comprehensive calibre, so as to ensure the recruitment of employees with "qualification, competence and remarkable performance" without discrimination to the applicants' gender, age, race and family background. The Party-masses Human Resources Department will strictly verify the identity of applicants before they are allowed for the entry formalities to prevent child labour.

In addition, we implement the standard-working-hour system, specify the weekly working hours of employees in each position, and follow the national practice regarding weekends and legal holidays. The Group also formulated Measures for the Administration of Labor Contracts (《勞動合同管理辦法》) to enter into written labour contracts with employees based on mutual agreement and strictly prohibit forced labour. For employees who resign, we will understand the reason behind resignation and terminate contracts with them in accordance with relevant requirements in the Labour Law of the PRC (《中華人民共和國勞動法》) and the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) to prevent unfair or unreasonable treatment.

During the Reporting Period, the Group did not record any case of non-compliance with laws and regulations on remuneration and removal, recruitment and promotion, working hours, equal opportunities, diversity, anti-discrimination and prevention of child labour and forced labour, nor did it identify any cases of child labour or forced labour within the Group.

4.2. Employee Benefits

The Group has established a sound remuneration and benefit system driven by our strategies, the market and personal performance which gives due considerations to internal and external impartiality. We strictly abide by relevant state and regional government laws and regulations, and ensure that all the employees are reasonably paid in the principle of legitimacy, rationality and equality.

The Group selects outstanding employees of the year, adjusts salaries and pays annual performance bonuses based on the comprehensive performance of employees, such as on-the-job performance, work attitude and competency. We also participate in the employee retirement welfare plan and housing provident fund plan coordinated or organised by government departments according to China's national policies, and contribute to pension, medical insurance, unemployment insurance, work injury insurance, maternity insurance and housing provident fund for eligible employees, and purchase supplementary medical insurance for employees. In addition to statutory holidays, the Group also grants sick leave, personal leave, marriage leave, funeral leave, maternity leave, annual leave and other welfare leave. In addition, we formulated the Measures for Welfare Management (《福利管理辦法》) and the Measures for Welfare Expenses Management (《福利費管理辦法》), to standardise the scope and standards of employee welfare expenses, and provide special benefits such as cooling and warming bonuses, birthday gift coupons, book vouchers, movie tickets and financial subsidies to employees as appropriate, striving to satisfy their requirements.

4.3. Occupational Health and Safety

The Group strictly abides by the Occupational Disease Prevention Law of the PRC (《中華人民共和國職業病防治法》), Production Safety Law of the PRC (《中華人民共和國安全生產法》), Fire Protection Law of the PRC (《中華人民共和國消防法》), Special Equipment Safety Law of the PRC (《中華人民共和國特種設備安全法》), Occupational Health Management Regulations in the Workplace (《工作場所職業衛生管理規定》) and Regulations on Work Injury Insurance (《工傷保險條例》) and strives to provide employees with a healthy and safe working environment. During the Reporting Period, 90 working days were lost due to work-related injuries and we did not record any cases in violation of any relevant laws and regulations on providing a safe working environment and protecting employees from occupational hazards, nor did we record any severe accidents of work-related fatalities.

We established an effective production safety guarantee mechanism and formulated the Production Safety Responsibility System (《安全生產責任制度》), Production Safety Investment Guarantee System (《安全生產投入保障制度》) and Occupational Health Management System (《職業健康管理制度》) to specify the production safety management responsibilities of leaders and functional departments at all levels, and implement the management system of "company-level supervision, department accountable and hierarchical management". We also formulated the Safety Education and Training System (《安全教育培訓制度》) and implemented the Production Safety Education and Training Plan for 2020 (《2020年安全生產教育培訓計劃》) to popularise correct production knowledge among employees, improve their production safety skills and prevent occupational hazards.

In addition, we contact external professional medical institutions to conduct physical examination for employees, and regularly distribute labor protection articles to provide basic occupational safety and health protection for employees. Meanwhile, the Group pays attention to the mental health of employees and advocates the balance of work and rest. We hold staff activities from time to time, such as the riding activity themed "green riding to protect the health of employees", through which employees stretched their bodies and minds while preventing the COVID-19 pandemic.

4.4. Employee Training and Development

With a focus on the career development of employees, we establish and improve the staff training promotion mechanism, formulated the Staff Training Management System (《員工培訓管理制度》), actively promote the standardised construction of staff education and training, and strive to improve their comprehensive qualities such as work skills and career development capacity. Based on the requirements of business development and management, and the growth of employees, we formulate annual training plans and carry out relevant trainings, and implemented the Employee Education and Training Plan for 2020 (《2020年度員工教育培訓計劃》) through internal and external training and continuing education.

Methods of training	
External training	Based on the requirements of operation and management, we select employees to participate in all kinds of trainings, study tours, etc. organised by the Company and related departments (units) at higher levels or external training institutions.
Internal training	Internal trainings are organised by the Party-masses Human Resources Department or implemented as scheduled by relevant departments under the supervision of the Party-masses Human Resources Department, primarily including employee political and ideological education, pre-service education for new staff, on-the-job promotion of employee professional skills, and special topic sharing for external training, etc.
Continuing education	Upon approval, employees will take part in academic education for the purpose of improving their professional skills, professional title examination or evaluation organised by the state and professional qualification examination according to their own performance needs and career planning.

During the Reporting Period, the Group organised intensive trainings such as trainings on pandemic prevention and control, compliance of listed companies, legal affairs of investment, acquisition and merger projects and occupational health, and encouraged employees to participate in trainings and continuing education to improve their professional capacity (such as taking professional and technical qualification examinations, job title evaluation, etc.), which fully mobilised employees' work enthusiasm, motivated them to accept new ideas and concepts of the industry, nurtured a group of quality employees, continuously improved their duty performance, and strengthened the talent pool for corporate development.

5. GREEN CORPORATE CULTURE

The Group strictly abides by the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Law of the PRC on Soil and Water Conservation (《中華人民共和國水土保持法》), the Regulations on Comprehensive Management of Urban and Rural Environment in Sichuan Province (《四川省城鄉環境綜合治理條例》) and other laws and regulations to effectively integrate environmental protection and pollution control into the daily management of expressways. Upholding the principle of "prevention first and a combination of prevention and control", we formulated the Administrative Measures for Comprehensive Management of Urban and Rural Environment (《城鄉環境綜合治理管理辦法》), established a standardised supervision system for comprehensive management of urban and rural environment and environmental protection, and comprehensively implemented environmental protection and pollution prevention measures. During the Reporting Period, the Group did not violate any laws on environmental protection or result in major accidents with an impact on the environment and natural resources, nor did it receive any punishment and litigation notice related to the environment.

5.1. Emissions Management

Upon a comprehensive review of our business activities, we conclude that the air emissions from the Group's business operations are primarily exhaust from official vehicles. In strict accordance with the Interim Provisions on the Prevention and Control of Urban Dust Pollution in Chengdu (《成都市城市揚塵污染防治管理暫行規定》), we formulated the Implementation Plan for the Reform of Official Vehicle System (《公務用車制度改革實施方案》), which strictly regulates the purchase, lease, operation management and disposal of official vehicles. We choose vehicles that meet the sixth stage of China's national emission standards for motor vehicle pollutants, and use clean and environmentally friendly fuels. We also arrange regular inspections for the fleet to ensure the normal operation of engines, tires and other components, enhancing fuel efficiency and reducing emissions.

In addition to atmospheric emissions, we continuously monitor the greenhouse gas emissions generated during business operations. The Group conducts greenhouse gas inventory with reference to the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development and ISO 14064–1 formulated by the International Organisation for Standardisation. During the Reporting Period, the Group's greenhouse gas emissions were as follows:

		Unit	2020
Scope 1	Direct greenhouse gas emissions	tonnes of CO_2 equivalent	1,140.43
Scope 1	Direct greenhouse gas removals	tonnes of CO_2 equivalent	852.70
Scope 2	Indirect greenhouse gas emissions	tonnes of CO_2 equivalent	6,013.06
Total greenhouse gas emissions		tonnes of CO_2 equivalent	6,300.79
Greenhouse gas emission intensity		tonnes of CO_2 equivalent/million of revenue in RMB	3.09

Scope 1: Direct greenhouse gas emissions and removals from sources owned and controlled by the Group.

Scope 2: Greenhouse gas emissions indirectly caused by power generation, heating and refrigeration or steam purchased by the Group.

During the Reporting Period, we planted 406 trees, bringing the total number of trees planted by us to 37,074, which removed 852.70 tonnes of carbon dioxide equivalent; the total amount of greenhouse gas emissions of the Group was 6,300.79 tonnes of carbon dioxide equivalent; and the intensity of greenhouse gas emissions was 3.09 tonnes of carbon dioxide equivalent per million revenue in RMB. In the future, the Group will continue to control greenhouse gas emissions, and will commence to identify, quantify and report climate-related risks and opportunities with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We will also formulate short-term, medium and long-term climate change management strategies and greenhouse gas emission reduction targets with reference to the best practices in the industry and international leading standards, so as to enhance the overall performance in the environmental aspect.

5.2. Noise Management

The Group pays attention to traffic noise of expressways. We have engaged the Highway Planning, Survey, Design and Research Institute of Department of Transportation of Sichuan Province of China to complete the noise barrier design in accordance with relevant technical specifications and implementation standards such as Code for Highway Environmental Protection Design (《公路環境保護設計規範》), Code for Acoustic Design and Measurement of Noise Barrier (《聲屏障聲學設計和測量規範》) and Unified Standard for Reliability Design of Highway Engineering Structures (《公路工程結構可靠性設計統一標準》). We also predict the noise pollution sections of expressways according to the dynamic traffic conditions, and alleviate the noise pollution on expressways by planting tall trees in green areas, setting up sound barriers on both sides of roads in advance and installing sound insulation windows in residential houses along the highways. In addition, the Group earnestly carries out maintenance of road surface to reduce the sudden noise caused by potholes, steps up the investigation and management of vehicles, and prohibits overtaking and overloading to strengthen the management of traffic noise on expressways.

5.3. Energy Conservation

The Group conducts energy management from various aspects. We advocate rational use of energy and remind employees to turn off unnecessary electronic devices from time to time. We choose LED lamps which are more energy-saving and divide the office into different lighting areas with independent lighting system to facilitate flexible use by employees. We also regularly clean lighting fixtures and measure the brightness of different locations in the office, so as to reduce the number of lamps in locations higher than required and improve energy efficiency. In addition, we adopt a centrally monitored air conditioning system and encourage employees to maximise the use of electric fans to cool down instead of air conditioners. We allow employees to wear light clothes to work provided that corporate image is not impaired, so as to reduce the demand for air conditioning systems.

During the Year, the Group's total power consumption during operation was 9,856.36 MWh, and the intensity of power consumption was 4.84 MWh per million of revenue in RMB.

5.4. Water Conservation

The Group continuously monitors water consumption during business operations, strengthens measures to properly use water resources, and strives to cultivate employees' habit of water conservation. We put up water conservation signs in the restroom to remind the staff to turn off the faucet, and install and use the induction faucet when conditions allow. In case of leakage, we will inform the property management unit of the office building to repair the faulty water pipes in time and reduce wastage. During the Reporting Period, the Group consumed 92,874.43 cubic metres of water in operation, and the intensity of water consumption was 45.56 cubic metres per million of revenue in RMB. We did not encounter any problems in searching for water fit for purpose.

5.5. Proper Use of Resources

The Group supports responsible use of all kinds of resources and counts the inventory and evaluates consumption from time to time, so as to avoid excessive purchases. We resort to electronic office system to replace the traditional paper-based office administrative system, and encourage employees to reuse office stationery such as envelopes and binders, and reduce the use of disposable or non-recyclable products. In addition, we preset the printer to print on both sides in ink saving mode, and collect the paper that has been used on one side for recycling. For informal document printing, we suggest using thinner fonts and smaller line spacing to save paper. During the Reporting Period, the total amount of paper consumed by the Group was 9,257.56 kg, and the intensity of paper consumption was 4.54 kg per million of revenue in RMB. In the future, we will continuously monitor the consumption of paper and other resources in order to mitigate the depletion of natural resources.

5.6. Waste Management

The Group strictly abides by the Law of the PRC on Environmental Protection by Solid Wastes (《中華人民共和國固體廢物污染環境保護法》) and other laws and regulations to manage the wastes generated during various business operations. We entered into agreements with professional purchasing and storage companies on the disposal of kitchen waste to ensure proper removal, recovery and disposal. We also make use of the aftersales technical support service of composite machine manufacturers to contact agencies for centralised recycling of electronic consumables, such as waste ink cartridges and waste toner cartridges for recycling. During the Reporting Period, the total amount of non-hazardous waste generated by the Group was 324.74 tonnes, and the intensity of non-hazardous waste generated was 0.16 tonnes per million of revenue in RMB; the total amount of hazardous waste generated was 640.34 kg, including computer mainframe, waste ink cartridges, waste toner cartridges, waste batteries and photosensitive drums, and the intensity of hazardous waste generated was 0.31 kg per million of revenue in RMB. In the future, we will continue to monitor the generation of non-hazardous and hazardous wastes and promote various waste management measures.

5.7. Exploitation of Idle Land

The Group pays attention to the exploitation of idle land. During the Reporting Period, we conducted research into three plots of idle land held by the Company and designed targeted revitalisation plans, which contributed certain revenue streams and enhanced land utilisation rate.

6. COMMUNITY ENGAGEMENT

The Group is committed to community development while promoting business growth and strives to establish a sustainable community with all walks of life. In the principle of acting within our capacity, we donated approximately RMB73,163 to charitable undertakings during the Reporting Period, involving a total of 211 participants.

Visit to Red Star Primary School

We have been keeping track of the needs of the disadvantaged groups and organised multiple elderly assistance and poverty alleviation activities during the prevention and control of COVID-19 pandemic. Prior to the Children's Day, young volunteers at Chengdu management station of Chengguan Expressway paid a visit to Red Star Primary School to help the body challenged children. The volunteers also paid a visit to the Youai Centre Nursing Home prior to the Double-ninth Festival to present consolation gifts and festive greetings to the elderly, thereby promoting our traditional virtue of filial piety.

Participating in the agricultural products fair of Gaochan village

In addition, the Group provided assistance to Gaochan village in Zhuangxi Town, Jianyang city, Sichuan province, China, which has paired up with Operation Company. The deputy Party secretary and secretary of discipline inspection commission of Operation Company attended the agricultural products fair of Gaochan village to learn more about the industrial economic system of Gaochan village and the production volume and sales channels of local characteristic products and green food, and conducted exchanges on aiding campaign. We call on our employees to prioritise purchase of agricultural products from impoverished households, thereby helping to solve the problem of stagnant agricultural products in Gaochan village following the initiative to revitalise the economic development in remote areas of Sichuan province in China.

7. COVID-19 PANDEMIC PREVENTION AND CONTROL

The Group attached great importance to COVID-19 pandemic prevention and control, convened several special meetings to deploy tasks, and issued the Notice on Carrying Out Pandemic Prevention and Control (《關於做好疫情防控相關工作的通知》), Detailed Rules for the Implementation of COVID-19 Pandemic Prevention and Control (《新型冠狀病毒肺炎疫情防控工作實施方案細則》) and other documents, requiring all subsidiaries and associates to implement the normalisation of pandemic prevention and control scientifically and effectively. We carry out sanitation and disinfection in toll plazas, expressways and petrol and gas stations, publicise prevention and control measures through LED display screens, reserve sufficient materials, and regularly distribute facial masks, disinfectant and alcohol to employees.

During the pandemic, the Group established a prevention and control leading group, which rushed to the front line to provide instructions regarding pandemic prevention for several times. In accordance with the principle of "preventing the importation of cases and the spreading of virus in the community", the Group opened up green channels for pandemic prevention materials, earnestly arranged for work resumption and pandemic prevention, and achieved "zero infection target" for all employees.

APPENDIX I: SUSTAINABILITY DATA SUMMARY

The following includes the sustainability data in the environmental subject area of all the offices, all sections of expressways, station buildings, toll stations and petrol stations of the Group for the Year:

	Unit	2020
Emissions		
Nitrogen oxides	kg	4,250.93
Sulfur oxides	kg	5.69
Particulate matter	kg	389.37
Greenhouse gas (GHG) emissions and removals		
Direct GHG emissions (Scope 1)	tonnes of CO_2e	1,140.43
Direct GHG removals (Scope 1)	tonnes of CO_2e	852.70
Indirect GHG emissions (Scope 2)	tonnes of CO_2e	6,013.06
Total GHG emissions (Scope 1 and 2)	tonnes of CO_2e	6,300.79
Intensity of GHG emissions	tonnes of CO_2e/per million revenue in RMB	3.09
Energy consumption		
Natural gas consumption	cubic metre	41,381.67
Intensity of natural gas consumption	cubic metre/per million revenue in RMB	20.30
Petrol consumption	litre	127,746.34
Intensity of petrol consumption	litre/per million revenue in RMB	62.67
Diesel consumption	litre	244,932.25
Intensity of diesel consumption	litre/per million revenue in RMB	120.16
Power consumption	MWh	9,856.36
Intensity of power consumption	MWh/per million revenue in RMB	4.84
Total energy consumption	MWh	13,969.29
Intensity of energy consumption	MWh/per million revenue in RMB	6.85
Water consumption		
Total water consumption	cubic metre	92,874.43
Water consumption intensity	cubic metre/per million revenue in RMB	45.56
Paper consumption		
Total paper consumption	kg	9,257.56
Paper consumption intensity	kg/per million revenue in RMB	4.54
Waste generated		
Total non-hazardous waste	tonnes	324.74
Non-hazardous waste intensity	tonnes/per million revenue in RMB	0.16
Total hazardous waste	kg	640.34
Hazardous waste intensity	kg/per million revenue in RMB	0.31

The following is the Group's sustainability data summary in the social subject area for the Year:

	Unit	2020
Total number of employees	number	1,780
Number of employees by gender		
Female	number	1,091
Male	number	689
Number of employees by category		
Frontline employees	number	1,504
Junior employees	number	201
Mid-level management	number	46
Senior management	number	29
Number of employees by age group		
Under 30	number	456
Between 30 to 50	number	1,228
Above 50	number	96
Number of employees by geographical region		
Sichuan Province, China	number	1,780
Turnover rate of employees*		**11.52%**
Turnover rate of employees by gender*		
Female		9.57%
Male		9.96%
Turnover rate of employees by age group*		
Under 30		11.08%
Between 30 to 50		7.80%
Above 50		7.63%
Turnover rate of employees by geographical region*		
Sichuan Province, China		11.52%

* Turnover rate is arrived at by dividing the number of employees by category lost by the number of employees by category at the end of the year

	Unit	2020
Percentage of employees trained		**98.76%**
Percentage of employees trained by gender		
Female		98.99%
Male		98.40%
Percentage of employees trained by category		
Frontline employees		99.93%
Junior employees		91.04%
Mid-level management		93.48%
Senior management		100%

	Unit	2020
Average training hours per employee by gender		
Female	hour	60.30
Male	hour	44.57
Average training hours per employee by category		
Frontline employees	hour	54.09
Junior employees	hour	38.08
Mid-level management	hour	67.63
Senior management	hour	64.07

APPENDIX II: HKEX ESG REPORTING GUIDE CONTENT INDEX

		Chapter
A. Environmental		
A1:	**Emissions**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green Corporate Culture-Emissions Management; Waste Management; Sustainability Data Summary
A1.1	The types of emissions and respective emissions data.	Green Corporate Culture-Emissions Management; Sustainability Data Summary
A1.2	Total GHG emissions and intensity.	Green Corporate Culture-Emissions Management; Sustainability Data Summary
A1.3	Total hazardous waste produced and intensity.	Green Corporate Culture-Waste Management; Sustainability Data Summary
A1.4	Total non-hazardous waste produced and intensity.	Green Corporate Culture-Waste Management; Sustainability Data Summary
A1.5	Description of measures to mitigate emissions and results achieved.	Green Corporate Culture-Emissions Management
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Green Corporate Culture-Waste Management

		Chapter
A2:	**Use of Resources**	
General Disclosure	Policies on the efficient use of resources.	Green Corporate Culture-Energy Conservation; Water Conservation; Proper Use of Resources
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Green Corporate Culture-Energy Conservation; Sustainability Data Summary
A2.2	Water consumption in total and intensity.	Green Corporate Culture-Water Conservation; Sustainability Data Summary
A2.3	Description of energy use efficiency initiatives and results achieved.	Green Corporate Culture-Energy Conservation
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Green Corporate Culture-Water Conservation
A2.5	Total packaging material used for finished products and with reference to per unit produced.	Not applicable as the Group's business does not involve any packaging materials
A3:	**The Environment and Natural Resources**	
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Green Corporate Culture
A3.1	Description of the significant impacts of business activities on the environment and natural resources and the actions taken to manage them.	Green Corporate Culture

		Chapter
B. Social		
B1:	**Employment**	
General Disclosure	Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Professional Staff-Employment Rights; Employee Benefits
B1.1	Total workforce by gender, employment type, age group and geographical region.	Sustainability Data Summary
B1.2	Turnover rate by gender, age group and geographical region.	Sustainability Data Summary
B2:	**Health and Safety**	
General Disclosure	Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Professional Staff-Occupational Health and Safety
B2.1	Number and rate of work-related fatalities.	Professional Staff-Occupational Health and Safety
B2.2	Lost days due to work injury.	Professional Staff-Occupational Health and Safety
B2.3	Description of the occupational health and safety measures adopted, how they are implemented and monitored.	Professional Staff-Occupational Health and Safety
B3:	**Development and Training**	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Professional Staff-Employee Training and Development
B3.1	Percentage of employees trained by gender and employee category.	Sustainability Data Summary
B3.2	The average training hours completed per employee by gender and employee category.	Sustainability Data Summary

		Chapter
B4:	**Labour Standards**	
General Disclosure	Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Professional Staff-Employment Rights
B4.1	Description of the measures to review recruitment practices to avoid child and forced labour.	Professional Staff-Employment Rights
B4.2	Description of the steps taken to eliminate violations once identified.	Professional Staff-Employment Rights
B5:	**Supply Chain Management**	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Responsible Operation-Supply Chain Management
B5.1	Number of suppliers by geographical region.	Responsible Operation-Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Responsible Operation-Supply Chain Management
B6:	**Product Responsibility**	
General Disclosure	Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Responsible Operation-Road and Energy Safety Management; Customer Service; Information Security
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable as the Group's business does not involve any products sold or shipped
B6.2	Number of products and service related complaints received and how they are dealt with.	Responsible Operation-Customer Service
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Responsible Operation-Information Security
B6.4	Description of quality assurance process and recall procedures.	Responsible Operation-Road and Energy Safety Management
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Responsible Operation-Information Security

		Chapter
B7:	**Anti-corruption**	
General Disclosure	Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Responsible Operation-Integrity Construction
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Responsible Operation-Integrity Construction
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Responsible Operation-Integrity Construction
B8:	**Community Investment**	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Engagement
B8.1	Focus areas of contribution.	Community Engagement
B8.2	Resources contributed to the focus area.	Community Engagement

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of Chengdu Expressway Co., Ltd.
(Established in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Chengdu Expressway Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 136 to 252, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Amortisation of service concession arrangements	
As stated in Note 2.5 to the financial statements, the amortisation of service concession arrangements is provided on a unit-of-usage basis, based on the share of traffic volume in a particular period over the total projected traffic volume throughout the service concession period. The projection of the total traffic volume involves significant management judgement and estimates, including the expected gross domestic product (the "GDP") growth rate and the impact of other road networks within the same area. Management initially engaged independent professional traffic consultants to perform estimation of the projected total traffic volume throughout the concession periods of the respective service concession arrangements. Subsequently, the Group regularly reviewed the projected total traffic volume throughout the concession periods of the respective service concession arrangements with the actual traffic volume. If the projection was considered inappropriate, independent professional traffic studies would be performed. Appropriate adjustment would be made in the case of a material change in the projected total traffic volume. The accounting policies and disclosures about the assessment for amortisation of costs of service concession arrangements are included in Note 2.5, Note 3 and Note 16 to the financial statements.	Our audit procedures included the following: • We interviewed the Group's senior management and understood their process associated with the review of the projected traffic volume against actual traffic volume; • We evaluated the estimated projected total traffic volume of the Group's expressways and assessed whether these estimates showed any evidence of management bias; • We focused our analysis on management's key assumptions used in the estimates of the projected total traffic volume such as the GDP growth rate, the impact of other road networks within the same area, the historical accuracy of management's estimates and assessed the consistency of the assumptions across expressways as well as including their consideration of the impact of covid-19 pandemic; • We considered whether the amortisation methodology adopted by the Group best represented the expected future economic benefits of the Group; and • We assessed the adequacy of the related disclosures in the financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

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

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

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

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

The engagement partner on the audit resulting in this independent auditor's report is Lai Chee Kong.

Ernst & Young
Certified Public Accountants
Hong Kong
25 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000 (Restated)
REVENUE	5	**2,014,344**	2,301,384
Cost of sales		**(1,350,097)**	(1,428,873)
Gross profit		**664,247**	872,511
Other income and gains	5	**68,552**	90,428
Selling expenses		**(50,268)**	(51,347)
Administrative expenses		**(90,955)**	(101,647)
Other expenses	6	**(57,381)**	(14,875)
Finance costs	7	**(136,439)**	(136,156)
Share of profits and losses of:			
A joint venture		**2,073**	2,229
Associates		**30,961**	20,385
PROFIT BEFORE TAX	8	**430,790**	681,528
Income tax expense	10	**(49,110)**	(125,961)
PROFIT FOR THE YEAR		**381,680**	555,567
Other comprehensive income		**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**381,680**	555,567
Attributable to:			
Owners of the Company		**344,509**	485,198
Non-controlling interests		**37,171**	70,369
		381,680	555,567
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
– Basic and diluted	12	**RMB0.208**	RMB0.296

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	2020 RMB'000	2019 RMB'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	13	**396,977**	468,468
Right-of-use assets	14	**542,242**	498,974
Goodwill	15	**34,026**	34,026
Service concession arrangements	16	**5,772,189**	5,925,770
Software		**1,809**	1,172
Investment in a joint venture	17	**13,350**	11,277
Investments in associates	18	**286,925**	209,682
Payments in advance	19	**46,688**	63,166
Financial assets at fair value through profit or loss		**500**	500
Pledged deposits	24	**15,269**	–
Long-term receivable	23	**1,720**	860
Deferred tax assets	20	**32,562**	12,434
Total non-current assets		**7,144,257**	7,226,329
CURRENT ASSETS			
Inventories	21	**54,558**	32,308
Trade receivables	22	**68,617**	51,606
Prepayments, other receivables and other assets	23	**40,288**	349,026
Cash and cash equivalents	24	**1,759,686**	1,674,850
Total current assets		**1,923,149**	2,107,790
CURRENT LIABILITIES			
Trade payables	25	**927,659**	956,974
Other payables and accruals	26	**318,832**	181,982
Interest-bearing bank and other borrowings	27	**214,500**	257,157
Lease liabilities	14	**6,520**	3,848
Tax payable		**39,691**	51,140
Total current liabilities		**1,507,202**	1,451,101
NET CURRENT ASSETS		**415,947**	656,689
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,560,204**	7,883,018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	2020 RMB'000	2019 RMB'000 (Restated)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	27	**3,049,768**	2,757,560
Deferred income	26	**112,997**	120,224
Lease liabilities	14	**40,958**	35,659
Deferred tax liabilities	20	**184,571**	235,020
Total non-current liabilities		**3,388,294**	3,148,463
Net assets		**4,171,910**	4,734,555
EQUITY			
Equity attributable to owners of the Company			
Issued capital	28	**1,656,102**	1,656,102
Reserves	29	**1,624,044**	2,205,837
		3,280,146	3,861,939
Non-controlling interests		**891,764**	872,616
Total equity		**4,171,910**	4,734,555

Xiao Jun
Director

Yang Tan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Attributable to owners of the Company										
	Issued capital *RMB'000* *(note 28)*	Share premium *RMB'000* *(note 29)*	Merger differences *RMB'000* *(note 29)*	Statutory reserve *RMB'000* *(note 29)*	Difference arising from changes in non-controlling interests *RMB'000*	Safety fund reserve *RMB'000* *(note 29)*	Other reserve *RMB'000* *(note 29)*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2019											
As previously stated	1,200,000	101,047	–	100,704	314,833	–	121,818	491,009	2,329,411	134,967	2,464,378
Effect of business combination under common control *(note 2.1)*	–	–	402,857	–	–	5,323	–	125,699	533,879	353,401	887,280
As restated	1,200,000	101,047	402,857	100,704	314,833*	5,323*	121,818*	616,708*	2,863,290	488,368	3,351,658
Total comprehensive income for the year	–	–	–	–	–	–	–	485,198	485,198	70,369	555,567
Dividends declared by a subsidiary acquired under business combinations under common control to the then shareholder	–	–	–	–	–	–	–	(18,341)	(18,341)	–	(18,341)
Dividends paid by subsidiaries to their non-controlling shareholders	–	–	–	–	–	–	–	–	–	(66,353)	(66,353)
Issue of new shares for the Initial Public Offering ("IPO")	400,000	357,821	–	–	–	–	–	–	757,821	–	757,821
Exercise of the over-allotment option	56,102	50,480	–	–	–	–	–	–	106,582	–	106,582
Share issue expenses	–	(61,952)	–	–	–	–	–	–	(61,952)	–	(61,952)
Effect of business combination under common control *(note 31(b))*	–	–	(55,366)	–	–	–	–	–	(55,366)	380,232	324,866
Provision for safety fund reserve	–	–	–	–	–	4,537	–	(4,537)	–	–	–
Utilisation of safety fund reserve	–	–	–	–	–	(811)	–	811	–	–	–
Transfer from retained earnings	–	–	–	35,691	–	–	–	(35,691)	–	–	–
Dividends declared by the Company	–	–	–	–	–	–	–	(215,293)	(215,293)	–	(215,293)
At 31 December 2019	1,656,102	447,396	347,491	136,395	314,833*	9,049	121,818*	828,855*	3,861,939	872,616	4,734,555

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Attributable to owners of the Company										
	Issued capital *RMB'000* *(note 28)*	Share premium *RMB'000* *(note 29)*	Merger differences *RMB'000* *(note 29)*	Statutory reserve *RMB'000* *(note 29)*	Difference arising from changes in non-controlling interests *RMB'000*	Safety fund reserve *RMB'000* *(note 29)*	Other reserve *RMB'000* *(note 29)*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2020											
As previously stated	1,656,102	447,396	(55,366)	136,395	314,833	-	121,818	678,816	3,299,994	516,012	3,816,006
Effect of business combination under common control *(note 2.1)*	-	-	402,857	-	-	9,049	-	150,039	561,945	356,604	918,549
As restated	1,656,102	447,396	347,491	136,395	314,833	9,049	121,818*	828,855*	3,861,939	872,616	4,734,555
Total comprehensive income for the year	-	-	-	-	-	-	-	344,509	344,509	37,171	381,680
Dividends paid by subsidiaries to their non-controlling shareholders	-	-	-	-	-	-	-	-	-	(62,875)	(62,875)
Transfer from retained earnings	-	-	-	37,599	-	-	-	(37,599)	-	-	-
Provision for safety fund reserve	-	-	-	-	-	4,150	-	(4,150)	-	-	-
Utilisation of safety fund reserve	-	-	-	-	-	(1,022)	-	1,022	-	-	-
Effect of business combination under common control *(note 31(a))*	-	-	(727,570)	-	-	-	-	-	(727,570)	-	(727,570)
Capital injection from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	44,852	44,852
Dividends declared by the Company	-	-	-	-	-	-	-	(198,732)	(198,732)	-	(198,732)
At 31 December 2020	1,656,102	447,396	(380,079)	173,994	314,833	12,177	121,818	933,905	3,280,146	891,764	4,171,910

* These reserve accounts comprise the consolidated reserves of RMB1,624,044,000 (2019 (Restated): RMB2,205,837,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**430,790**	681,528
Adjustments for:			
Depreciation of property, plant and equipment	8	**57,776**	51,269
Depreciation of right-of-use assets	8	**21,892**	21,019
Amortisation of service concession arrangements	8	**249,071**	237,679
Amortisation of software	8	**335**	325
Impairment loss/(reversal of impairment loss) on trade receivables	8	**435**	(21)
Impairment loss other receivable	8	**45,960**	407
(Gain)/loss on disposal and write-off of items of property, plant and equipment	8	**(1,466)**	1,985
Share of profit of a joint venture		**(2,073)**	(2,229)
Share of profits and losses of associates		**(30,961)**	(20,385)
Interest income from a long-term receivable	5	**(6,042)**	(11,619)
Finance costs	7	**136,439**	136,156
Bank interest income	5	**(20,896)**	(39,147)
		881,260	1,056,967
Additions to service concession arrangements		**(105,616)**	–
Receipts of government grants		**247,729**	200,000
(Increase)/decrease in inventories		**(22,250)**	11,524
Increase in trade receivables		**(17,446)**	(16,231)
Decrease in prepayments, other receivables and other assets		**14,304**	49,606
Decrease in trade payables		**(38,635)**	(62,278)
Increase in contract liabilities		**26,140**	1,991
Increase/(decrease) in other payables and accruals		**115,710**	(15,053)
Cash generated from operations		**1,101,196**	1,226,526
Interest received from banks		**26,823**	30,675
Income tax paid		**(131,136)**	(102,721)
Net cash flows from operating activities		**996,883**	1,154,480

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Prepaid lease payments made		**(28,590)**	(43,805)
Purchases of items of property, plant and equipment and software		**(28,269)**	(110,438)
Acquisition of Sichuan Chengming Expressway Co., Ltd.	31	**–**	(373,312)
Increase in time deposits with original maturity of over three months		**259,521**	(307,557)
Proceeds from disposal of items of property, plant and equipment		**2,905**	3,672
Dividend received from associates		**901**	20,930
Receipts of a government grant for property, plant and equipment		**47,139**	–
Capital injection into an associate		**(47,183)**	–
Repayment received from an associate		**–**	1,900
Increase in pledged deposits		**(15,269)**	–
Net cash flows from/ (used in) investing activities		**191,155**	(808,610)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank loans		**1,643,000**	110,000
Repayment of bank loans		**(583,157)**	(594,157)
Repayment of other borrowings		**(846,874)**	(110,000)
Proceeds from issue of shares for the IPO		**–**	757,821
Proceeds from exercise of the over-allotment option		**–**	106,582
Dividends paid to owners of the Company		**(198,732)**	(215,293)
Dividends paid to the then shareholder of a subsidiary acquired under business combination under common control		**–**	(18,341)
Dividends paid by subsidiaries to their non-controlling shareholders		**(46,213)**	(66,353)
Principal portion of lease payments		**(4,221)**	(6,047)
Interest portion of lease liabilities		**(1,998)**	(2,102)
Acquisition of Chengdu Energy Development Co., Ltd	31	**(727,570)**	–
Capital injection from non-controlling shareholders of subsidiaries		**44,852**	–
Interest paid		**(122,768)**	(106,501)
Net cash flows used in financing activities		**(843,681)**	(144,391)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**344,357**	201,479
Cash and cash equivalents at beginning of year		**1,287,293**	1,085,814
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,631,650**	1,287,293

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000 (Restated)
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position	24	**1,759,686**	1,674,850
Time deposits with original maturity of over three months		**(128,036)**	(387,557)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**1,631,650**	1,287,293

NOTES TO FINANCIAL STATEMENTS

31 December 2020

1. CORPORATE AND GROUP INFORMATION

Chengdu Expressway Co., Ltd. (the "Company") is a joint stock company with limited liability established in the People's Republic of China (the "PRC"). The Company's H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 15 January 2019.

The registered office of the Company is located at 9th Floor, Youyi Data Building, No. 28 Jingyuan East Road, Deyuan town (Jingrong town), Pidu District, Chengdu, Sichuan, the PRC. The principal place of business of the Company in Hong Kong is located at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.

During the year, the Company and its subsidiaries ("Group") were involved in the following principal activities:

- management and operation of expressways
- management and operation of petrol stations and gas stations in Mainland China

In the opinion of the directors of the Company ("Directors"), the parent company of the Company is Chengdu Expressway Construction and Development Co., Ltd. ("Chengdu Expressway Construction"), a company established in Chengdu, Sichuan Province, the PRC. The ultimate controlling shareholder of the Company is Chengdu Communications Investment Group Co., Ltd. ("Chengdu Communications Investment"), which is wholly owned by the State-owned Assets Supervision and Administration Commission of Chengdu Municipal Government.

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place and date of establishment	Nominal value of issued ordinary capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Chengdu Chengpeng Expressway Co., Ltd. (成都成彭高速公路有限責任公司) ("Chengpeng Expressway Company")	PRC 11 September 2002	RMB385 million	99.74%		Operation of Chengpeng Expressway
Chengdu Chengwenqiong Expressway Co., Ltd. (成都成溫邛高速公路有限公司) ("Chengwenqiong Expressway Company")	PRC 16 October 2002	RMB554.49 million	100.00%		Operation of Chengwenqiong Expressway
Chengdu Airport Expressway Co., Ltd. (成都機場高速公路有限責任公司) ("Chengdu Airport Expressway Company")	PRC 24 December 1997	RMB153.75 million	55.00%		Operation of Chengdu Airport Expressway
Sichuan Chengming Expressway Co., Ltd. (四川成名高速公路有限公司) ("Chengming Expressway Company")	PRC 15 November 2007	RMB100 million	51.00%		Operation of Qiongming Expressway
Chengdu Energy Development Co., Ltd. (成都能源發展股份有限公司) ("Energy Development Company")	PRC 2 June 2011	RMB381 million	94.49%*		Operation of petrol stations
Chengdu Zhongyou Energy Co., Ltd. (成都中油能源有限公司) ("Zhongyou Energy")	PRC 19 June 2009	RMB437.34 million		48.19%**	Operation of petrol stations and gas stations
Chengdu Communications Investment Energy Development Co., Ltd. (成都交投能源發展有限公司) ("Communications Investment Energy")	PRC 15 November 2010	RMB127.31 million		51.97%	Operation of petrol stations

All the above subsidiaries are registered as domestic enterprises with limited liability under PRC law and all of them operate in Mainland China.

* During the year, the Group acquired a 94.49% equity interest in Energy Development Company from Chengdu Communications Investment. Further details of this acquisition are included in notes 2.1 and 31(a) to the financial statements.

** Zhongyou Energy is a subsidiary of a non-wholly-owned subsidiary of the Company and, accordingly, is accounted for as a subsidiary by virtue of the Company's control over it.

NOTES TO FINANCIAL STATEMENTS

31 December 2020

2.1 BASIS OF PRESENTATION

As disclosed in note 31(a) to the financial statements, a business combination under common control was effected during the current year, where the business acquired in the business combination and the Company are both controlled by Chengdu Communications Investment, the ultimate controlling shareholder of the Company.

To consistently apply the Group's accounting policy for common control business combinations, the acquisition has been accounted for based on the principles of merger accounting in accordance with Accounting Guideline 5 Merger Accounting for Common Control Combinations issued by the HKICPA as if the acquisition had occurred when the combining entities first came under the control of Chengdu Communications Investment or since their respective dates of establishment whichever is shorter. Accordingly, the assets and liabilities acquired in the common control business combination have been stated at their carrying amounts as if they had been held or incurred by the Group from the later of the date on which the combining entity first came under the control of Chengdu Communications Investment or the relevant transactions giving rise to the assets or liabilities arose. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the acquisition by the Group.

Accordingly, the comparative figures of the consolidated financial statements have been restated.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2020. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2.2 BASIS OF PREPARATION *(continued)*

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investments retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the Conceptual Framework for Financial Reporting 2018 and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendments to IAS 1 and IAS 8	*Definition of Material*

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(d) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

2.4 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to IFRS 9 IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 17	*Insurance Contracts*[3]
Amendments to IFRS 17	*Insurance Contracts*[3,5]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[3]
Amendments to IAS 1	*Disclosure of Accounting Policies*[3]
Amendments to IAS 8	*Definition of Accounting Estimates*[3]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Annual Improvements to IFRS Standards 2018-2020	*Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41*[2]
Amendment to IFRS 16	*Covid-19-Related Rent Concessions*[6]

1 Effective for annual periods beginning on or after 1 January 2021

2 Effective for annual periods beginning on or after 1 January 2022

3 Effective for annual periods beginning on or after 1 January 2023

4 No mandatory effective date yet determined but available for adoption

5 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

6 Effective for annual periods beginning on or after 1 June 2020

2.4 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

The Group had certain interest-bearing bank and other borrowings denominated in RMB based on the Loan Prime Rate ("LPR") as at 31 December 2020. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

2.4 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

Annual Improvements to IFRS Standards 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments:* clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted. The amendments did not have any impact on the financial position and performance of the Group as the Group has no lease concession affected by covid-19.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment in associates and a joint venture

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The Group's investment in associates and a joint venture are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and a joint venture is included in the consolidated profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint venture are eliminated to the extent of the Group's investment in the associates or joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or a joint venture is included as part of the Group's investment in associates or a joint venture.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained in;.vestment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill

Business combinations not under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill *(continued)*

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Merger accounting for business combinations under common control

The consolidated financial statements include the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling parties.

Fair value measurement

The Group measures its financial assets at fair value through profit or loss at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or paid to transfer a liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair value measurement *(continued)*

All assets and liabilities for which fair value is measured or disclosed in these financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in these financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to profit or loss in the period in which it arises.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value of 5% over its estimated useful life. The estimated useful lives of items of property, plant and equipment are as follows:

	Useful lives
Buildings	10-40 years
Security equipment	5-15 years
Supervising equipment and others	5-15 years
Toll collection equipment	5-10 years
Petrol and gas stations machinery and equipment	3-12 years
Motor vehicles	5-8 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents items of property, plant and equipment under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Service concession arrangements

Service concession arrangements represent the rights to charge users of the public service, that the Group obtained under the service concession arrangements. Service concession arrangements are stated at cost, that is, the fair value of the consideration received or receivable in exchange for the construction services provided under the service concession arrangements, less accumulated amortisation and any impairment losses.

During the construction phase of the arrangement, the operator's contract asset (representing its accumulating right to be paid for providing construction services) is presented as an intangible asset and will be amortised upon the commencement of operation of the service concession arrangement.

Subsequent expenditures such as repairs and maintenance are charged to profit or loss in the period in which they are incurred. In situations where the recognition criteria are satisfied, the expenditures are capitalised as an additional cost of service concession arrangements.

The amortisation of service concession arrangements is provided on a unit-of-usage basis to write off the costs of these arrangements, based on the share of traffic volume in a particular period over the projected total traffic volume throughout the periods for which the Group is granted to operate those service concession arrangements.

It is the Group's policy to review regularly the projected total traffic volume throughout the concession periods of the respective service concession arrangements. If it is considered appropriate, independent professional traffic studies will be performed. Appropriate adjustment will be made should there be a material change in the projected total traffic volume.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Service concession arrangements *(continued)*

Particulars of the expressways managed and operated by the Group as at 31 December 2020 are as follows:

	Origin/destination	Approximate length *(km)*	Concession period
Chengguan Expressway	Chengdu Hi-Tech Zone/Dujiangyan	40.44	July 2000 – July 2030
Chengwenqiong Expressway	Qingyang District/Qionglai County	65.60	January 2005 – January 2035
Chengpeng Expressway	Xindu District/Pengzhou	21.32	November 2004 – October 2033
Chengdu Airport Expressway	Chengdu South Railway Station Viauct/ Shuangliu Airport Terminal 1	11.98	July 1999 – December 2024
Qiongming Expressway	Qionglai County/Mingshan County	52.68	November 2010 – November 2038

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of five years.

Leases

The Group assesses at contract inception whether a contract is, or contains, 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises	3 to 10 years
Leasehold land	8.5 to 39.5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessee (continued)

(b) Lease liabilities *(continued)*

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

The Group elected to present the lease liabilities separately in the consolidated statement of financial position.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Group as a lessor – operating leases

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in other income and gains in profit or loss as it not derived from a principal activity. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primary derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition of financial assets *(continued)*

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

General approach (continued)

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

(i) significant financial difficulties of the debtor;

(ii) a breach of contract, such as a default or delinquency in interest or principal payments; or

(iii) likelihood that the borrower will enter into bankruptcy or other financial reorganisation emerges.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, amounts due to related parties, interest-bearing bank and other borrowings and lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities at amortised cost is as follows:

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in "Finance cost" in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and a joint venture. when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised on a systematic basis over the periods as deduction from costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation or amortisation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers (continued)

(a) Provision of road operation services

Revenue from the provision of road operation services is recognised at the point in time when the relevant services have been provided and the Group received the payment or the right to receive payment has been established.

(b) Sale of refined oil

Revenue from the sale of refined oil is recognised at the point in time when control of the products is transferred to the customer, generally on delivery of the refined oil.

(c) Provision of the construction and upgrade services

Revenue from construction and upgrade services provided under the service concession arrangements is recognised over time, using the input method, as further explained in the accounting policy for "Construction and upgrade services under service concession arrangements" below.

Other income

(a) Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset;

(b) Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably; and

(c) Rental income is recognised on a time proportion basis over the lease terms.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Construction and upgrade services under service concession arrangements

The Group recognises income and expenses associated with construction and upgrade services provided under the service concession arrangements in accordance with IFRS 15 *Revenue from Contracts with Customers*.

Revenue generated from construction and upgrade services rendered by the Group is measured at fair value of the consideration received or receivable. The consideration represents the rights to attain an intangible asset.

The Group uses the input method to determine the appropriate amount of income and expenses to be recognised in a given period, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The input method recognises revenue based on the proportion of the actual costs incurred reconcile to the estimated total costs for satisfaction of the construction or upgrading services for each contract.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Employee benefits

Defined contribution pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of the relevant part of their payroll costs of these employees to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme and they are not reduced by contributions forfeited by those employee who leave the plans prior to vesting fully in the contribution.

Supplementary defined contribution pension scheme

Under the supplementary defined contribution pension scheme, the Group makes a monthly defined contribution to certain qualified employees at certain rates of the qualified employees' salaries or wages of the prior year. There were no vested benefits attributable to past services upon the adoption of the plan. The contributions under the supplementary defined contribution pension scheme are charged to profit or loss as incurred.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Housing fund

According to the relevant rules and regulations of the Sichuan Province, the Group and its employees are each required to make contributions, which are in proportion to the employees' salaries or wages of the prior year, to a housing fund. Contributions to a housing fund administered by the Public Accumulation Funds Administration Centre are charged to profit or loss as incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in these financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

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

(a) Provision for expected losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer profile).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 22 to the financial statements.

(b) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

(c) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2020 was RMB34,026,000. Further details are given in note 15 to the financial statements.

(d) Amortisation of costs of service concession arrangements

The amortisation of costs of service concession arrangements is calculated under the unit-of-usage method, whereby the amortisation is provided based on the share of traffic volume in a particular period over the projected total traffic volume throughout the periods for which the Group is granted to operate those service concession arrangements. The projected total traffic volume over the respective concession periods could change significantly. The Group reviews regularly the projected total traffic volume throughout the operating periods of the respective service concession arrangements. If it is considered appropriate, independent professional traffic studies will be performed. Appropriate adjustment will be made should there be a material change in the projected total traffic volume. Further details are included in note 16 to the financial statements.

(e) PRC corporate income tax ("CIT") and deferred tax assets

The Group is subject to CIT in Mainland China. As a result of the fact that certain matters relating to CIT have not been confirmed by the relevant local tax authorities, objective estimates based on currently enacted tax laws, regulations and other related policies are required in determining the provision for CIT to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact the income tax expense and tax provision in the period in which the differences are realised.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to losses and the extent that it is probable that taxable profit will be available against which the losses and deductible temporary differences can be utilised based upon the likely timing and level of future taxable profits together with future tax strategies.

(f) Provision for maintenance and resurfacing obligations

Provisions for the maintenance and resurfacing of the toll roads are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The expenditures expected to incur in order to settle the obligations are determined based on the frequency of major maintenance and resurfacing activities throughout the operating periods of toll roads operated by the Group under the service concessions and the expected costs to be incurred for each event. The expected costs for maintenance and resurfacing and the timing of such events involve estimates. Such estimates are developed based on the Group's resurfacing plan and historical costs incurred for similar activities. The costs are then discounted to the present value based on the market rate which can reflect the time value of money and the risks specific to the obligation.

3. SIGNIFICANT ACCOUNTING ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

(f) Provision for maintenance and resurfacing obligations (Continued)

As all the expressways of the Group meet the obligation to maintain the toll road infrastructure to a specified level of serviceability under the service concessions, there was no provision for maintenance and resurfacing obligations at 31 December 2020 (2019: Nil).

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) The toll roads segment comprises the construction, operation and maintenance of toll expressways located in Sichuan province;

(b) the energy investment segment comprises the operation of petrol stations and a gas station and sales of refined oil and compressed natural gas.

In previous years, the Board of Directors considered that there were no reportable operating segments other than the toll operation segment. In 2020, the Group acquired a 94.49% equity interest in Energy Development Company. Energy Development Company is involved in the management and operation of petrol stations and a gas station. Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Due to the changes in the composition of segment this year, the operating segment information in 2019 was also restated.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that dividend income, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, as these assets are managed on a group basis.

Segment liabilities exclude dividend payables and deferred tax liabilities, as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. OPERATING SEGMENT INFORMATION *(continued)*

Operating segments information is listed as follows:

Year ended 31 December 2020	Toll roads *RMB'000*	Energy investment *RMB'000*	Total *RMB'000*
Segment revenue	**1,115,822**	**898,522**	**2,014,344**
Segment cost	**629,106**	**720,991**	**1,350,097**
Segment results	**356,222**	**41,534**	**397,756**
Reconciliation:			
Dividend income			**33,034**
Profit before tax			**430,790**
Segment assets	**7,954,881**	**1,079,963**	**9,034,844**
Reconciliation:			
Deferred tax assets			**32,562**
Total assets			**9,067,406**
Segment liabilities	**4,591,921**	**102,342**	**4,694,263**
Reconciliation			
Dividend payable			**16,662**
Deferred tax liabilities			**184,571**
Total liabilities			**4,895,496**
Other segment information			
Share of profit of a joint venture	**–**	**2,073**	**2,073**
Share of profits and losses of associates	**12,154**	**18,807**	**30,961**
Interest expenses	**136,067**	**372**	**136,439**
Depreciation and amortisation	**301,543**	**27,531**	**329,074**
Investments in associates	**118,218**	**168,707**	**286,925**
Investment in a joint venture	**–**	**13,350**	**13,350**
Capital expenditure*	**124,515**	**17,161**	**141,676**

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2019	Toll roads *RMB'000* (Restated)	Energy investment *RMB'000* (Restated)	Total *RMB'000* (Restated)
Segment revenue	1,255,926	1,045,458	2,301,384
Segment cost	553,964	874,909	1,428,873
Segment results	572,361	86,553	658,914
Reconciliation:			
Dividend income			22,614
Profit before tax			681,528
Segment assets	8,325,591	996,094	9,321,685
Reconciliation:			
Deferred tax assets			12,434
Total assets			9,334,119
Segment liabilities	4,324,974	39,570	4,364,544
Reconciliation:			
Deferred tax liabilities			235,020
Total liabilities			4,599,564
Other segment information			
Share of profit of a joint venture	–	2,229	2,229
Share of profits and losses of associates	(352)	20,737	20,385
Interest expenses	134,866	1,290	136,156
Depreciation and amortisation	281,891	28,401	310,292
Investments in associates	106,064	103,618	209,682
Investment in a joint venture	–	11,277	11,277
Capital expenditure*	88,416	22,022	110,438

* Capital expenditure consists of additions to property, plant and equipment, service concession arrangements and software.

4. OPERATING SEGMENT INFORMATION *(continued)*

Entity-wide disclosures

Geographical information

All of the Group's external revenue is derived from customers based in Mainland China, and all of the non-current assets of the Group are located in Mainland China. Accordingly, no segment information by geographical segment is presented.

Information about major customers

No revenue derived from a single customer contributed to 10% or more of the total revenue of the Group during the year.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Revenue from contracts with customers		
Toll income		
– Chengguan Expressway	**225,402**	307,940
– Chengpeng Expressway	**217,360**	238,312
– Chengwenqiong Expressway	**333,490**	433,933
– Chengdu Airport Expressway	**111,749**	142,570
– Qiongming Expressway	**122,205**	133,171
Sub-total	**1,010,206**	1,255,926
Sales of refined oil	**898,522**	1,045,458
Construction revenue in respect of service concession arrangements	**105,616**	–
Total revenue from contracts with customers	**2,014,344**	2,301,384

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2020

	Toll roads *RMB'000*	Energy investment *RMB'000*	Total *RMB'000*
Types of goods or services			
Toll income	1,010,206	–	1,010,206
Sales of refined oil	–	898,522	898,522
Construction services	105,616	–	105,616
Total revenue from contracts with customers	1,115,822	898,522	2,014,344
Timing of revenue recognition			
At a point in time	1,010,206	898,522	1,908,728
Overtime	105,616	–	105,616
Total revenue from contracts with customers	1,115,822	898,522	2,014,344

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

Revenue from contracts with customers *(continued)*

(i) Disaggregated revenue information (continued)

For the year ended 31 December 2019 (Restated)

	Toll roads *RMB'000*	Energy investment *RMB'000*	Total *RMB'000*
Types of goods or services			
Toll income	1,255,926	–	1,255,926
Sales of refined oil	–	1,045,458	1,045,458
Construction services	–	–	–
Total revenue from contracts with customers	1,255,926	1,045,458	2,301,384
Timing of revenue recognition			
At a point in time	1,255,926	1,045,458	2,301,384
Overtime	–	–	–
Total revenue from contracts with customers	1,255,926	1,045,458	2,301,384

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Toll income

Toll income is recognised at the point in time when the relevant services have been provided and the Group received the payment or the right to receive payment has been established. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Sales of refined oil

Sale of refined oil is recognised at a point in time when the refined oil has been delivered and the Group has received the payment or the right to receive payment has been established. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

Revenue from contracts with customers *(continued)*

(ii) Performance obligations (continued)

Construction revenue in respect of service concession arrangements

The performance obligation is satisfied over time as construction services are rendered when the Group's performance creates and enhances an asset that the customer controls as the construction and upgrade services are performed.

There were no unsatisfied or partially unsatisfied performance obligations as at 31 December 2020 and 2019.

An analysis of other income and gains is as follows:

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Other income and gains		
Interest income from a long-term receivable	**6,042**	11,619
Bank interest income	**20,896**	39,147
Compensation income for road damage and temporary road occupation	**5,893**	17,223
Rental income	**13,793**	12,061
Deferred income released to profit or loss	**5,241**	4,240
Gain on disposal of items of property, plant and equipment	**1,676**	313
Overprovision of tax and surcharge payables in prior years	**13,639**	–
Miscellaneous	**1,372**	5,825
Other income and gains	**68,552**	90,428
Total revenue, other income and gains	**2,082,896**	2,391,812

6. OTHER EXPENSES

	Notes	2020 RMB'000	2019 RMB'000 (Restated)
Loss on disposal and write-off of item of property, plant and equipment		**210**	2,298
Impairment loss/ (reversal of impairment loss) on trade receivables	*22*	**435**	(21)
Impairment loss on other receivables	*23(c)*	**45,960**	407
Foreign exchange losses		**217**	8,968
Loss arising from litigation		**7,103**	–
Miscellaneous		**3,456**	3,223
		57,381	14,875

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 RMB'000	2019 RMB'000 (Restated)
Interest expenses on bank and other borrowings	**134,441**	134,054
Interest on lease liabilities	**1,998**	2,102
	136,439	136,156

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	**2020** **RMB'000**	2019 RMB'000 (Restated)
Cost of operating service		**523,490**	553,964
Cost of purchasing refined oil		**720,991**	874,909
Construction costs in respect of service concession arrangements		**105,616**	–
Cost of sales		**1,350,097**	1,428,873
Employee benefit expense (including directors' and supervisors' remuneration *(note 9)*):			
Wages, salaries and allowances, social security and benefits		**167,936**	189,628
Pension scheme contributions (defined contribution fund)		**7,881**	26,199
Other staff benefits		**47,819**	41,681
		223,636	257,508
Depreciation in respect of:			
– property, plant and equipment	*13*	**57,776**	51,269
– right-of-use assets	*14*	**21,892**	21,019
Amortisation in respect of:			
– service concession arrangements	*16*	**249,071**	237,679
– software		**335**	325
Impairment loss/(reversal of impairment loss) on trade receivables	*22*	**435**	(21)
Impairment loss on other receivable	*23(c)*	**45,960**	407
(Gain)/loss on disposal and write-off of items of property, plant and equipment, net		**(1,466)**	1,985
Lease payments not included in the measurement of lease liabilities		**2,196**	637
Foreign exchange losses		**194**	8,968
Auditor's remuneration		**3,236**	2,711
Bank interest income		**(20,896)**	(39,147)

9. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' and supervisors' remuneration

Directors' and supervisors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Fees	**270**	270
Other emoluments:		
Salaries, allowances and benefits in kind	**3,136**	2,994
Pension scheme contributions	**19**	246
	3,425	3,510

NOTES TO FINANCIAL STATEMENTS

31 December 2020

9. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(continued)*

(a) Directors' and supervisors' remuneration *(continued)*

The names of the directors and supervisors and their remuneration during the year are as follows:

	Fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Pension scheme contributions *RMB'000*	Total remuneration *RMB'000*
2020				
Executive directors:				
Mr. Tang Fawei [(i)]	–	**227**	**3**	**230**
Mr. Yang Tan [(i)]	–	**284**	–	**284**
Ms. Wang Xiao	–	**548**	**3**	**551**
Mr. Luo Dan	–	**463**	**3**	**466**
Mr. Zhang Dongmin	–	**492**	**3**	**495**
	–	**2,014**	**12**	**2,026**
Non-executive directors:				
Mr. Xiao Jun	–	–	–	–
Mr. Yang Bin	–	**440**	**3**	**443**
	–	**440**	**3**	**443**
Independent non-executive directors:				
Mr. Shu Wa Tung, Laurence	**150**	–	–	**150**
Mr. Ye Yong	**60**	–	–	**60**
Mr. Li Yuanfu	**60**	–	–	**60**
	270	–	–	**270**
Supervisors:				
Ms. Wu Haiyan	–	–	–	–
Mr. Zhang Yi [(ii)]	–	–	–	–
Mr. Pan Xin [(ii)]	–	–	–	–
Ms. Xu Jingxian	–	**343**	**2**	**345**
Mr. Zhang Jian	–	**339**	**2**	**341**
Ms. Jiang Yan	–	–	–	–
	–	**682**	**4**	**686**
	270	**3,136**	**19**	**3,425**

9. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(continued)*

(a) Directors' and supervisors' remuneration *(continued)*

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2019				
Executive directors:				
Mr. Tang Fawei	–	548	36	584
Ms. Wang Xiao	–	501	36	537
Mr. Luo Dan	–	474	36	510
Mr. Zhang Dongmin	–	453	36	489
	–	1,976	144	2,120
Non-executive directors:				
Mr. Xiao Jun	–	–	–	–
Mr. Yang Bin	–	491	36	527
	–	491	36	527
Independent non-executive directors:				
Mr. Shu Wa Tung, Laurence	150	–	–	150
Mr. Ye Yong	60	–	–	60
Mr. Li Yuanfu	60	–	–	60
	270	–	–	270
Supervisors:				
Ms. Wu Haiyan	–	–	–	–
Mr. Pan Xin	–	–	–	–
Ms. Xu Jingxian	–	275	33	308
Mr. Zhang Jian	–	252	33	285
Ms. Jiang Yan	–	–	–	–
	–	527	66	593
	270	2,994	246	3,510

9. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(continued)*

(a) Directors' and supervisors' remuneration *(continued)*

Notes:

(i) On 16 April 2020, Mr. Yang Tan was appointed as an executive director and Mr. Tang Fawei resigned as an executive director of the Company.

(ii) On 9 May 2020, Mr. Zhang Yi was appointed as a supervisor and Mr. Pan Xin resigned as a supervisor of the Company.

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the year. No emoluments were paid by the Group to any of the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

(b) Five highest paid employees

An analysis of the headcounts of the five highest paid employees within the Group for the two years ended 31 December 2020 and 2019 is as follows:

	Number of employees	
	2020	2019
Directors	**3**	2
Supervisors	**–**	–
Non-director and non-supervisor	**2**	3
	5	5

Details of the directors' and supervisors' remuneration are set out above.

9. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(continued)*

(b) Five highest paid employees *(continued)*

Details of the remuneration of the above non-director, non-chief executive and non-supervisor highest paid employees are as follows:

	2020	2019
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	**1,024**	2,298
Pension scheme contributions	**5**	178
	1,029	2,476

Remuneration of each of the above non-director, non-chief executive and non-supervisor highest paid employees during the year and the prior year was below HK$1,000,000.

10. INCOME TAX

No Hong Kong profits tax has been provided as no assessable profits were earned in or derived from Hong Kong during the year.

Except for certain subsidiaries and associates which are entitled to a preferential tax rate of 15% (2019: 15%) as described below, the Group's other entities are subject to PRC corporate income tax at the standard rate of 25% (2019: 25%) on their respective assessable profits for the year.

The Company, Chengwenqiong Expressway Company, Airport Expressway Company, Chengming Expressway Company and associates of the Company, i.e., Chengdu Chengbei Exit Expressway Co., Ltd. ("Chengbei Exit Expressway Company"), Chengdu Tongneng Compressed Natural Gas Co., Ltd. ("Chengdu Tongneng"), Chengdu Jiaoyun Compressed Natural Gas Development Co.,Ltd. ("Chengdu Jiaoyun CNG") and Zhongyou Jieneng (Chengdu) Environmental Protection Technology Co., Ltd. ("Zhongyou Jieneng") were entitled to a preferential tax rate of 15% under the Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies of the State Administration of Taxation, the Ministry of Finance and General Administration of Customs (Cai Shui [2011] No. 58) ("the Circular"). Pursuant to the Circular, the tax preferential treatments for the western region development are valid until 31 December 2020. Pursuant to the Circular of Extending the Period of Western Development Strategies Preferential Tax Rate (Cai Shui Fa [2020] No. 23) (the "New Circular"), the tax preferential treatments were extended to 31 December 2030.

10. INCOME TAX *(continued)*

The major components of income tax expense for the year are as follows:

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Current – Mainland China		
Charge for the year	**118,965**	127,433
Underprovision in prior years	**722**	8,706
Deferred *(note 20)*	**(70,577)**	(10,178)
Total tax charge for the year	**49,110**	125,961

A reconciliation of the tax expense applicable to profit before tax using the statutory tax rate in Mainland China for companies within the Group to the tax expense at the effective tax rate is as follows:

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Profit before tax	**430,790**	681,528
Income tax charge at the statutory tax rate of 25%	**107,698**	170,382
Effect of the preferential income tax rate of 15%	**(26,480)**	(48,043)
Expenses not deductible for tax	**387**	64
Adjustments in respect of current tax of previous years	**722**	8,706
Income not subject to tax	**(1,513)**	(2,859)
Profit attributable to a joint venture and associates	**(7,043)**	(5,689)
Effect of change in tax rate on the opening balance of deferred tax*	**(26,622)**	–
Tax losses not recognised	**1,961**	3,400
Tax charge at the Group's effective tax rate	**49,110**	125,961

* The effect of change in tax rate on the opening balance of deferred tax for the year ended 31 December 2020 is due to the extension of the preferential tax rate for certain subsidiaries pursuant to the New Circular.

The share of tax attributable to a joint venture and associates amounting to RMB691,000 (2019 (Restated: RMB743,000) and RMB5,487,000 (2019 (Restated): RMB3,776,000), respectively, is included in "Share of profits and losses of a joint venture and associates" in profit or loss.

11. DIVIDENDS

	2020	2019
	RMB'000	*RMB'000*
Proposed final – RMB0.121 (2019: RMB0.120) per ordinary share	**200,388**	198,732

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company of RMB344,509,000 (2019 (Restated): RMB485,198,000), and the number of ordinary shares of 1,656,102,000 (the weighted average number of ordinary shares for year ended 31 December 2019: 1,638,607,677) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2020 and 2019 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2020 and 2019.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Equipment	Supervising equipment and others	Petrol and gas stations machinery and equipment	Toll collection equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2020								
Cost:								
At 1 January 2020 As previously stated	24,100	251,039	192,858	–	304,216	33,573	152	805,938
Effect of business combination under common control *(note 31(a))*	83,065	–	1,972	26,196	–	1,659	17,443	130,335
As restated	107,165	251,039	194,830	26,196	304,216	35,232	17,595	936,273
Additions	–	–	490	196	580	470	33,352	35,088
Disposals and write-off	–	(20,798)	(1,611)	(880)	(8,072)	(1,927)	–	(33,288)
Government grants related to assets	–	–	(15,795)	–	(31,344)	–	–	(47,139)
Transferred	9,185	–	1,225	7,349	6,427	–	(24,186)	–
At 31 December 2020	116,350	230,241	179,139	32,861	271,807	33,775	26,761	890,934
Accumulated depreciation and impairment:								
At 1 January 2020 As previously stated	13,275	168,643	79,147	–	160,563	24,343	–	445,971
Effect of business combination under common control *(note 31(a))*	16,157	–	665	3,670	–	1,342	–	21,834
As restated	29,432	168,643	79,812	3,670	160,563	25,685	–	467,805
Provided during the year	8,239	11,592	11,298	2,631	21,994	2,022	–	57,776
Disposals and write-off	–	(19,758)	(1,611)	(838)	(7,587)	(1,830)	–	(31,624)
At 31 December 2020	37,671	160,477	89,499	5,463	174,970	25,877	–	493,957
Net carrying amount:								
At 1 January 2020 (Restated)	77,733	82,396	115,018	22,526	143,653	9,547	17,595	468,468
At 31 December 2020	78,679	69,764	89,640	27,398	96,837	7,898	26,761	396,977

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Buildings *RMB'000*	Equipment *RMB'000*	Supervising equipment and others *RMB'000*	Petrol and gas stations machinery and equipment *RMB'000*	Toll collection equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
31 December 2019 (Restated)								
Cost:								
At 1 January 2019 As previously stated	24,007	196,553	200,240	–	252,269	34,356	4,971	712,396
Effect of business combination under common control *(note 31(a))*	80,722	–	1,961	23,292	–	3,107	3,041	112,123
As restated	104,729	196,553	202,201	23,292	252,269	37,463	8,012	824,519
Additions	93	–	3,570	–	30,622	2,054	73,555	109,894
Effect of business combination under common control *(note 31(b))*	–	54,208	455	–	599	2,115	–	57,377
Disposals and write-off	–	–	(37,593)	(2,203)	(9,321)	(6,400)	–	(55,517)
Transferred	2,343	278	26,197	5,107	30,047	–	(63,972)	–
At 31 December 2019 (Restated)	107,165	251,039	194,830	26,196	304,216	35,232	17,595	936,273
Accumulated depreciation and impairment:								
At 1 January 2019 As previously stated	12,465	158,756	105,954	–	153,989	24,884	–	456,048
Effect of business combination under common control *(note 31(a))*	6,890	–	250	1,838	–	2,545	–	11,523
As restated	19,355	158,756	106,204	1,838	153,989	27,429	–	467,571
Provided during the year	10,077	9,887	10,616	2,721	14,879	3,089	–	51,269
Disposals and write-off	–	–	(37,008)	(889)	(8,305)	(4,833)	–	(51,035)
At 31 December 2019 (Restated)	29,432	168,643	79,812	3,670	160,563	25,685	–	467,805
Net carrying amount (Restated):								
At 1 January 2019	85,374	37,797	95,997	21,454	98,280	10,034	8,012	356,948
At 31 December 2019	77,733	82,396	115,018	22,526	143,653	9,547	17,595	468,468

As at 31 December 2020 and 2019, the Group was in the customary process of obtaining the relevant property ownership certificates for certain buildings with aggregate net carrying amounts of RMB5,414,000 and nil respectively. The Group's buildings can only be sold, transferred or mortgaged when the relevant certificates have been obtained.

NOTES TO FINANCIAL STATEMENTS

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14. LEASES

The Group as a lessee

The Group has lease contracts for various items of lands and office premises used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 38.4 to 40 years, and no ongoing payments will be made under the terms of these land leases. Leases of lands where no lump sum payments were made generally have lease terms between 8.5 and 20 years. Leases of offices generally have lease terms between 3 and 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Land	**Office premises**	**Leasehold land**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2019				
As previously stated	38,226	1,667	–	39,893
Effect of a business combination under common control *(note 31(a))*	–	6,839	437,221	444,060
As restated	38,226	8,506	437,221	483,953
Additions	–	1,028	–	1,028
Effect of a business combination under common control *(note 31(b))*	–	–	35,012	35,012
Depreciation charge	(2,859)	(3,969)	(14,191)	(21,019)
At 31 December 2019 and 1 January 2020 (Restated)	**35,367**	**5,565**	**458,042**	**498,974**
Additions	**–**	**13,351**	**52,084**	**65,435**
Lease cancellation	**–**	**(275)**	**–**	**(275)**
Depreciation charge	**(2,859)**	**(2,929)**	**(16,104)**	**(21,892)**
At 31 December 2020	**32,508**	**15,712**	**494,022**	**542,242**

As at 31 December 2020 and 2019, there were no leases with residual value guarantees or leases not yet commenced to which the Group is committed.

As at 31 December 2020 and 2019, the Group was in the process of applying land use rights certificates with aggregate net carrying amounts of RMB45,881,000 and nil respectively, which the Group had not obtained the land use right certificates.

14. LEASES *(continued)*

The Group as a lessee *(continued)*

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Carrying amount at 1 January	**39,507**	44,526
New leases	**12,494**	1,028
Accretion of interest recognised during the year	**1,998**	2,102
Lease modification	**(302)**	–
Payments	**(6,219)**	(8,149)
Carrying amount at 31 December	**47,478**	39,507
Analysed into:		
Current portion	**6,520**	3,848
Non-current portion	**40,958**	35,659

The maturity analysis of lease liabilities is disclosed in note 38 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Interest on lease liabilities	**1,998**	2,102
Depreciation charge of right-of-use assets	**21,892**	21,019
Expenses relating to short-term leases		
– included in administrative expenses	**2,196**	637
Total amount recognised in profit or loss	**26,086**	23,758

(d) The total cash outflow for leases is disclosed note 32(b) to the financial statements.

14. LEASES *(continued)*

The Group as a lessor

The Group leases certain of its office buildings and service zones along the expressways under operating lease arrangements, with leases negotiated for terms ranging from 1 to 20 years. In addition, the Group also receives certain leasing income in advance for occupying the Group's land and buildings along the expressways. Rental income recognised by the Group during the year was RMB13,793,000 (2019 (Restated): RMB12,061,000), details of which are included in note 5 to the financial statements.

At 31 December 2020, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Within one year	**3,044**	1,265
After one year but within two years	**2,485**	716
After two years but within three years	**2,363**	447
After three years but within four years	**2,320**	401
After four years but within five years	**397**	397
After five years	**1,753**	2,150
	12,362	5,376

15. GOODWILL

	2020	2019
	RMB'000	*RMB'000*
Cost and net carrying amount at 1 January	**34,026**	–
Effect of a business combination under common control *(note 31(b))*	**–**	34,026
Cost and net carrying amount at 31 December	**34,026**	34,026

Impairment testing of goodwill

Goodwill acquired through a business combination is allocated to the Chengming Expressway Company cash-generating unit ("Chengming CGU") for impairment testing.

The recoverable amounts of the Chengming CGU had been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the directors. The discount rate applied to the cash flow projections was 7.96% and cash flows beyond the five-year period were extrapolated using a growth rate of 3.89%.

Assumptions were used in the value in use calculation of the Chengming CGU for 31 December 2020. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Toll rate – The estimated toll rate of each type of vehicles was approved by the Department of Transportation of Sichuan Province, Sichuan Provincial Development and Reform Commission.

Traffic volume – The estimated traffic volume forecast was issued by an independent traffic consultant.

Discount rate – The discount rate used is pre-tax and reflects specific risks relating to the Chengming CGU.

The values assigned to the key assumptions on the market development of the cash-generating unit and discount rate are consistent with external information sources.

In the opinion of the Company's directors, a decrease in revenue, caused by the decrease of the toll rate or the decrease of traffic volume, by 5% to 7% would cause the carrying amount of the Chengming CGU to exceed its recoverable amount by approximately RMB11,286,000 to RMB69,264,000, and any reasonably possible change in the other key assumptions on which the recoverable amount is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

16. SERVICE CONCESSION ARRANGEMENTS

	2020	2019
	RMB'000	*RMB'000*
Cost:		
At beginning of the year	**7,371,103**	4,542,384
Additions	**105,616**	–
Effect of a business combination under common control *(note 31(b))*	**–**	2,828,719
Disposal	**(10,126)**	–
At end of the year	**7,466,593**	7,371,103
Accumulated amortisation:		
At beginning of the year	**1,445,333**	1,207,654
Charged for the year	**249,071**	237,679
At end of the year	**1,694,404**	1,445,333
Net carrying amount:		
At beginning of the year	**5,925,770**	3,334,730
At end of the year	**5,772,189**	5,925,770

(a) The concession rights pertaining to certain expressways of the Group with net carrying amounts listed below were pledged to obtain interest-bearing secured bank loans and other borrowings granted to the Group (note 27(a)):

	2020	2019
	RMB'000	*RMB'000*
Chengpeng Expressway	**1,267,784**	1,337,828
Chengwenqiong Expressway	**1,070,956**	1,140,153
Qiongming Expressway	**2,383,471**	2,369,666
	4,722,211	4,847,647

16. SERVICE CONCESSION ARRANGEMENTS *(continued)*

(b) During the year, the Group was in the construction of the upgrading projects of Chengguan Expressway and Qiongming Expressway. Total construction costs of RMB105,616,000 (2019: Nil) were incurred, among which RMB105,616,000 (2019: Nil) was sub-contracted to third party subcontractors.

In addition, construction revenue of RMB105,616,000 (2019: Nil) was mainly recognised in respect of the construction service provided by the Group for the upgrading projects of Chengguan Expressway and Qiongming Expressway using the input method during the year.

17. INVESTMENT IN A JOINT VENTURE

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Share of net assets	**13,350**	11,277

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

		Percentage of			
Name	**Place of registration and business**	**Ownership interest**	**Voting power**	**Profit sharing**	**Principal activities**
Sinopec Chengdu Energy Company Co., Ltd. ("Sinopec Chengdu Energy")	PRC/Mainland China	50%	50%	50%	Operation of petrol and gas stations

The above investment is indirectly held by the Company.

The following table illustrates the financial information of the Group's joint venture:

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Share of the joint venture's profit for the year	**2,073**	2,229
Share of the joint venture's total comprehensive income	**2,073**	2,229
Carrying amount of the Group's investment in the joint venture	**13,350**	11,277

18. INVESTMENTS IN ASSOCIATES

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Share of net assets	**279,965**	208,900
Goodwill on acquisition	**6,960**	782
	286,925	209,682

Associates of the Group, which were established and operate in Mainland China, are as follows:

Name	**Ownership interest**	**Principal activities**
Chengbei Exit Expressway Company	40% (direct)	Operation of expressway
Chengdu Tongneng	30% (indirect)	Operation of gas stations
Chengdu Jiaoyun CNG	25% (indirect)	Operation of a gas station
Chengdu Jiuhe Oil Management Co., Ltd. ("Chengdu Jiuhe")	43% (indirect)	Operation of a petrol station
Zhongyou Jieneng	47.49% (indirect)	Operation of gas stations

Note:

On 29 July 2020, the Energy Development Company acquired 47.49% equity interests in Zhongyou Jieneng from Chengdu Transportation Junction Construction Management Co., Ltd ("Chengdu Junction"), a subsidiary of Chengdu Communication. Upon completion of the transaction, Zhongyou Jieneng was held as to 47.49% by Energy Development Company and 52.51% by Chengdu Tongneng, respectively.

The cash consideration was RMB47,084,000, including goodwill of RMB6,178,000, was fully paid on 31 July 2020.

18. INVESTMENT IN ASSOCIATES *(continued)*

The following table illustrates the summarised financial information in respect of Chengbei Exit Expressway Company and Chengdu Tongneng, which is considered a material associate, reconciled to the carrying amount in the consolidated financial statements:

Chengbei Exit Expressway Company

	2020	2019
	RMB'000	*RMB'000*
Current assets	**195,876**	140,600
Non-current assets	**137,185**	177,200
Current liabilities	**(30,319)**	(43,084)
Non-current liabilities	**(7,196)**	(9,556)
Net assets	**295,546**	265,160
Reconciliation to the Group's interest in the associate:		
Proportion of ownership	**40%**	40%
Share of net assets of the associate	**118,218**	106,064
Carrying amount of the investment	**118,218**	106,064
Revenue	**84,738**	107,917
Profit/(loss) and total comprehensive income/(loss) for the year	**30,386**	(880)
Dividend received	**–**	(19,725)

18. INVESTMENT IN ASSOCIATES *(continued)*

Chengdu Tongneng

	2020	2019
	RMB'000	*RMB'000*
Current assets	**146,405**	100,546
Non-current assets excluding goodwill	**279,912**	285,106
Goodwill on acquisition of the associate	**782**	782
Current liabilities	**(31,943)**	(62,751)
Non-current liabilities	**(6,939)**	(7,314)
Non-controlling interests	**(27,835)**	(11,397)
Net assets	**360,382**	304,972
Reconciliation to the Group's interest in the associate:		
Proportion of ownership	**30%**	30%
Share of net assets of the associate	**108,115**	91,257
Goodwill on acquisition	**782**	782
Carrying amount of the investment	**108,897**	92,039
Revenue	**346,826**	380,831
Profit and total comprehensive income for the year	**56,192**	68,001
Dividend received	**–**	–

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Share of the associates' profit for the year	**1,949**	337
Share of the associates' total comprehensive income for the year	**1,949**	337
Dividend received	**(901)**	(1,205)
Aggregate carrying amount of the Group's investments in the associates	**59,810**	11,579

19. PAYMENTS IN ADVANCE

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Purchase of land use rights	**46,688**	63,166

20. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Accounting amortisation in excess of tax amortisation	Excess tax depreciation over book value of fixed assets	Deferred income	Loss available for offsetting against future taxable profits	Lease liabilities	Accrued interest	Provision for impairment of construction in progress	Provision for impairment of financial assets	Fair value adjustment arising from acquisition of a subsidiary	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
2020										
At 31 December 2019 and 1 January 2020										
As previously stated	–	–	31,866	31,671	5,991	6,437	–	–	–	75,965
Effect of a business combination under common control *(note 31(a))*	–	2,945	–	–	949	–	283	138	2,060	6,375
As restated	–	2,945	31,866	31,671	6,940	6,437	283	138	2,060	82,340
Adjustment to opening deferred tax assets resulting from the reduction in tax rate	–	–	(8,655)	(12,668)	(599)	(2,575)	–	–	–	(24,497)
Deferred tax credited/(charged) to profit or loss during the year	9,411	191	(1,201)	3,139	1,033	1,626	–	11,442	89	25,730
Gross deferred tax assets at 31 December 2020	9,411	3,136	22,010	22,142	7,374	5,488	283	11,580	2,149	83,573

20. DEFERRED TAX *(continued)*

Deferred tax assets *(continued)*

	Provision for impairment of fixed assets *RMB'000*	Excess tax depreciation over book value of fixed assets *RMB'000*	Deferred income *RMB'000*	Loss available for offsetting against future taxable profits *RMB'000*	Lease liabilities *RMB'000*	Accrued interest *RMB'000*	Provision for impairment of construction in progress *RMB'000*	Provision for impairment of financial assets *RMB'000*	Fair value adjustment arising from acquisition of a subsidiary *RMB'000*	Total *RMB'000*
2019 (Restated)										
At 1 January 2019										
As previously stated	314	–	14,219	–	6,464	–	–	–	–	20,997
Effect of a business combination under common control *(note 31(a))*	–	2,469	–	–	1,061	–	283	29	1,338	5,180
As restated	314	2,469	14,219	–	7,525	–	283	29	1,338	26,177
Effect of a business combination under common control *(note 31(b))*	–	–	15,934	39,060	–	–	–	–	–	54,994
Deferred tax charged to profit or loss during the year *(note 10)*	(314)	476	1,713	(7,389)	(585)	6,437	–	109	722	1,169
Gross deferred tax assets at 31 December 2019	–	2,945	31,866	31,671	6,940	6,437	283	138	2,060	82,340

20. DEFERRED TAX *(continued)*

Deferred tax liabilities

	Allowance in excess of related accounting amortisation	Fair value adjustment arising from acquisition of a subsidiary	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2020				
At 31 December 2019 and at 1 January 2020				
As previously stated	**143,901**	**111,040**	**5,991**	**260,932**
Effect of a business combination under common control *(note 31(b))*	**–**	**43,045**	**949**	**43,994**
As restated	**143,901**	**154,085**	**6,940**	**304,926**
Adjustment to opening deferred tax liabilities resulting from the reduction in tax rate	**(35,672)**	**(14,848)**	**(599)**	**(51,119)**
Deferred tax charged/(credited) to profit or loss during the year	**(11,261)**	**(7,997)**	**1,033**	**(18,225)**
Gross deferred tax liabilities at 31 December 2020	**96,968**	**131,240**	**7,374**	**235,582**
2019 (Restated)				
At 1 January 2019 and at 1 January 2020				
As previously stated	17,693	–	6,464	24,157
Effect of a business combination under common control *(note 31(b))*	–	44,476	1,061	45,537
As restated	17,693	44,476	7,525	69,694
Effect of a business combination under common control *(note 31(b))*	131,225	113,016	–	244,241
Deferred tax charged to profit or loss during the year *(note 10)*	(5,017)	(3,407)	(585)	(9,009)
Gross deferred tax liabilities at 31 December 2019	143,901	154,085	6,940	304,926

20. DEFERRED TAX *(continued)*

Deferred tax liabilities *(continued)*

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for reporting purposes:

	2020 *RMB'000*	2019 *RMB'000* (Restated)
Gross deferred tax assets	**39,937**	25,848
Gross deferred tax liabilities	**(7,375)**	(13,414)
Net deferred tax assets	**32,562**	12,434
Gross deferred tax liabilities	**228,207**	291,512
Gross deferred tax assets	**(43,636)**	(56,492)
Net deferred tax liabilities	**184,571**	235,020

(a) In accordance with IAS 12, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Therefore, for subsidiaries that enjoy the preferential tax rate of 15% in accordance with the New Circular, the tax rate of 15% and 25% is applied for certain subsidiaries in the calculation of deferred taxes which are expected to be realised or settled in 2021 to 2030 and after 1 January 2031, respectively.

The basis of determining the PRC CIT rate is set out in note 10 to the financial statements.

(b) The Group has tax losses arising in Mainland China of RMB115,786,000 (2019 (Restated): RMB206,444,000) that will expire in 1 to 5 years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the losses can be utilised.

20. DEFERRED TAX *(continued)*

Deferred tax liabilities *(continued)*

(c) Withholding Tax ("WHT") for dividends paid to foreign investors

Pursuant to Cai Shui [2008] Circular 1 jointly issued by the Ministry of Finance and the State Administration of Taxation, where the Company declares a dividend in or after 2008 and beyond out of the cumulative retained profits as of 31 December 2007 (i.e., 2007 retained profits), these dividends earned by the foreign shareholders are exempted from WHT; for a dividend which arises from the Company's profit earned after 1 January 2008, WHT is levied on the foreign shareholders. For dividends paid to foreign shareholders, foreign shareholders are subject to a 10% WHT for the dividend repatriated by the Company starting from 1 January 2008, unless otherwise specified by the tax regulations and relevant tax agreements. The Company has fulfilled the obligation of WHT for 2019 final dividends which were paid to foreign shareholders before 31 December 2020.

21. INVENTORIES

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Refined oil products	**54,558**	32,308

22. TRADE RECEIVABLES

Trade receivables are analysed by category as follows:

	2020 *RMB'000*	2019 *RMB'000* (Restated)
Batch payment arrangement	**27,999**	44,130
Inter-network toll collection and Electronic Toll Collection ("ETC") receivables	**40,468**	6,929
Refined oil	**589**	551
	69,056	51,610
Impairment allowance	**(439)**	(4)
	68,617	51,606

The Group's trade receivables mainly arose from toll income receivables under the batch payment arrangement (the "Arrangement") on Chengwenqiong Expressway. In accordance with the Arrangement entered into between the Group and certain local government agencies in Chengdu, the relevant government agencies agreed to pay the Group an amount of a batch payment fee for a certain period in consideration for certain qualified passenger vehicles passing through the expressway without toll payment. Under the Arrangement, the batch payment fee is determined by reference to the actual traffic information and the current toll fee standards of the relevant toll roads, factors affecting future traffic volumes, such as economic growth and consumption level forecast, changes of road network conditions and the potential upside impact on traffic volume. Toll income receivables under the Arrangement are settled in accordance with the credit period of 1 month to 3 months as specified in the relevant contracts governing the Arrangement.

The Group seeks to maintain strict control over the outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

22. TRADE RECEIVABLES *(continued)*

An ageing analysis of the Group's trade receivables as at the end of the reporting period, based on the transaction date and net of loss allowance for impairment of trade receivables, is as follows:

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Within 3 months (neither past due nor impaired)	**68,617**	51,324
Over 3 months (past due)	**–**	282
	68,617	51,606

The movements in the loss allowance for impairment of trade receivables are as follows:

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
At beginning of year	**4**	25
Impairment loss/(reversal of impairment loss) on trade receivables	**435**	(21)
At end of year	**439**	4

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. As prescribed by IFRS 9, which permits the use of the lifetime expected loss model for all trade receivables, the provision rates are based on days past due. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

22. TRADE RECEIVABLES *(continued)*

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision except for trade receivables:

As at 31 December 2020

		Past due			
	Current	**Less than 1 month**	**1 to 3 months**	**Over 3 months**	**Total**
Expected credit loss rate	**0.00%**	**0.00%**	**0.00%**	**100.00%**	**0.64%**
Gross carrying amount *(RMB'000)*	**68,617**	**–**	**–**	**439**	**69,056**
Expected credit loss *(RMB'000)*	**–**	**–**	**–**	**439**	**439**

As at 31 December 2019 (Restated)

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.00%	0.00%	0.00%	1.40%	0.00%
Gross carrying amount *(RMB'000)*	51,324	–	–	286	51,610
Expected credit loss *(RMB'000)*	–	–	–	4	4

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	**2020** ***RMB'000***	2019 *RMB'000* (Restated)
Current portion			
Prepayment to suppliers		**1,437**	2,918
Due from related parties	*35(c), (b)*	**68,201**	78,542
Government grant receivable	*(a)*	**–**	241,687
Rental income receivable		**–**	8,077
Interest receivable		**3,291**	9,218
Deposit		**6,601**	2,269
Deductible input value added tax		**4,032**	524
Others		**4,322**	9,041
		87,884	352,276
Impairment allowance	*(c)*	**(47,596)**	(3,250)
		40,288	349,026
Non-current portion			
Due from a related party	*35(c), (b)*	**1,720**	860
		42,008	349,886

Notes:

(a) The government grant receivable related to the expansion project of Chengpeng Expressway was fully collected in the year.

(b) In December 2018, Energy Development Company granted interest-bearing loans to Zhongyou Jieneng and Chengdu Jiuhe amounting to RMB1,900,000 and RMB2,150,000, respectively. The interest-bearing loan to Zhongyou Jieneng which bore interest at a rate of 4.35% per annum has been fully repaid by Zhongyou Jieneng in December 2019. The interest-bearing loan to Chengdu Jiuhe bore interest at a rate of 4.75% per annum. In 2020, Chengdu Jiuhe and Energy Development Company entered into an agreement to extend the repayment period and the interest-bearing loan will be repaid in three separate instalments with the first, second and last instalments amounting to RMB430,000, RMB860,000 and RMB860,000, respectively, to be due in December 2021, December 2022 and December 2023, respectively.

Other than the above, other amounts due from related parties are interest-free and have no fixed term of repayments.

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS *(continued)*

(c) The movements in the loss allowance for impairment of financial assets in other receivables are as follows:

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
At beginning of year	**3,250**	2,843
Amount written off as uncollectible	**(1,614)**	–
Impairment loss	**45,960**	407
At end of year	**47,596**	3,250

At the end of the reporting period, none of the above prepayments is either past due or impaired.

An impairment analysis is performed at each reporting date by considering expected credit losses, which are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

In determining the ECLs for other receivables, the directors of the Company have taken into account the historical default experience and the future prospects of the industries and/or various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the other receivables and other current assets occurring within their respective loss assessment time horizons, as well as the loss upon default in each case. Except for the other receivables due from Chengdu Petroleum Corporation ("Petroleum Corporation") amounted to RMB45,751,000 (further details are included in note 35 (c) to the financial statements) which had been fully impaired during the year, the Group has assessed and concluded that the risk of default rate for the other instruments was minimal at the end of the reporting periods since the counterparties to these instruments have a high credit rating.

24. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Note	2020 RMB'000	2019 RMB'000 (Restated)
Cash and bank balances		**1,036,329**	1,236,303
Time deposits with original maturity of:			
– less than three months		**610,590**	50,990
– over three months		**128,036**	387,557
		1,774,955	1,674,850
Less:			
Pledged deposits	*(a)*	**(15,269)**	–
		1,759,686	1,674,850

At the end of the reporting period, cash and bank balances are denominated in RMB.

Notes:

(a) The amount represents pledged deposits for the performance guarantee under the operation businesses of Sichuan Tianfu International Expressway and Pujiang-Dujiangyan Section of Chengdu Economic Zone Ring Expressway amounting to RMB8,211,000 and RMB7,058,000, respectively. The performance guarantee deposits will be released at the end of the service period on 31 December 2022.

(b) The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between one day and six months depending on the immediate cash requirements of the Group and earn interest at the respective time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

25. TRADE PAYABLES

An ageing analysis of trade payables as of the end of the reporting period based on the invoice date is as follows:

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Within 3 months	**68,083**	133,190
3 to 6 months	**78,002**	1,439
6 to 12 months	**4,152**	22,708
Over 1 year	**777,422**	799,637
	927,659	956,974
Retention monies, included in trade payables	**5,099**	28,047

Trade payables are non-interest-bearing. Except for the retention money payables arising from construction and upgrade services which are normally settled between six months and one year, credit periods granted by each individual supplier or contractor are on a case-by-case basis and set out in the respective contracts.

26. OTHER PAYABLES AND ACCRUALS

	Notes	2020 RMB'000	2019 RMB'000 (Restated)
Current portion			
Payroll and welfare payables		**32,238**	43,511
Taxes and surcharge payables		**12,550**	26,482
Due to related parties	*35(c)*	**260**	26,006
Payables for property, plant and equipment		**17,749**	10,624
Inter-network toll collection payable	*(a)*	**3,244**	3,974
Construction payables related to a project where the Group acts as an intermediary agency	*(b)*	**123,369**	–
Deposits		**27,544**	25,736
Interest payable		**4,108**	3,271
Deferred income	*(c)*	**8,873**	8,700
Consultancy and professional fees		**1,937**	2,792
Dividend payables	*(d)*	**16,662**	–
Contract liabilities	*(e)*	**35,232**	9,092
Others		**35,066**	21,794
		318,832	181,982
Non-current portion			
Deferred income	*(c)*	**112,997**	120,224
		431,829	302,206

26. OTHER PAYABLES AND ACCRUALS *(continued)*

Notes:

(a) The balance represented the expressway tolls pending for allocation to other expressway operators.

(b) The balance represented unused project funds related to the "expressway to expressway" inter-network construction project between Chengguan Expressway and Chengdu Ring Expressway, which is funded by the Chengdu Municipal Government and unpaid to the construction companies. The Group merely acts as an intermediary agency for the management of funds from the Chengdu Municipal Government and settlement of construction costs to the related contractors. The Group did not charge any agency or management fee from the management of funds arising from this project.

(c) The balance represented leasing income received in advance for occupying the Group's land along the expressways. Deferred income of the Group to be released to profit or loss after twelve months from the end of the year has been recorded as a non-current liability.

(d) The balance represented dividend payables to the non-controlling shareholders of Chengpeng Expressway Company and Communications Investment Energy amounting to RMB916,000 and RMB15,746,000, respectively.

(e) Contract liabilities consisted of short-term advances received from customers in relation to the sale of refined oil and short-term advances received from government agencies in relation to the batch payment of Chengwenqiong Expressway. Contract liabilities will be recognised as revenue within one year. The increase in contract liabilities in the reporting periods was mainly due to the increase in short-term advances received from a government agency.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	**2020** Effective interest rate (%)	**2020** Maturity	**2020** *RMB'000*	2019 Effective interest rate (%)	2019 Maturity	2019 *RMB'000* (Restated)
Current:							
Bank loans – secured	*(a)*	**4.31-4.41**	**2021**	**107,500**	4.41-4.90	2020	104,657
Bank loans – unsecured	*(b)*	**3.66-4.31**	**2021**	**107,000**	4.41-4.90	2020	32,500
Other loans – secured	*(c)*	**4.90**	**2021**	**–**	4.90	2020	120,000
				214,500			257,157
Non-current:							
Bank loans – secured	*(a)*	**4.31-4.41**	**2022-2038**	**2,523,000**	4.41-4.90	2021-2030	1,793,500
Bank loans – unsecured	*(b)*	**3.66-4.31**	**2022-2025**	**445,000**	4.41-4.90	2021-2030	192,000
Other loan – unsecured	*(d)*	**4.90**	**2024**	**81,768**	4.90	2024	772,060
				3,049,768			2,757,560
				3,264,268			3,014,717

	2020 *RMB'000*	2019 *RMB'000* (Restated)
Analysed into:		
Bank loans repayable:		
Within one year	**214,500**	137,157
In the second year	**236,000**	209,000
In the third to fifth years, inclusive	**838,000**	882,000
Beyond five years	**1,894,000**	894,500
	3,182,500	2,122,657
Other borrowings repayable:		
Within one year	**–**	120,000
In the second year	**–**	–
In the third to fifth years, inclusive	**81,768**	772,060
	81,768	892,060
Total bank and other borrowings	**3,264,268**	3,014,717

27. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

Notes:

(a) The bank loans were secured by the service concession rights disclosed in note 16 to the financial statements. In addition, the bank loan of approximately RMB1,767,500,000 as at 31 December 2020 (2019: RMB1,114,157,000) was also guaranteed by Chengdu Communications Investment at nil consideration (note 35(b)).

(b) The bank loans of approximately RMB192,000,000 as at 31 December 2020 (2019: RMB224,500,000) were guaranteed by the Company and Chengwenqiong Expressway Company at nil consideration.

(c) The other loans of approximately nil as at 31 December 2020 (2019: RMB120,000,000) were secured by the service concession arrangement of Chengwenqiong Expressway (note 16).

(d) The unsecured other loan represented an interest-bearing loan received from Chengdu Expressway Construction (note 35(c)).

At the end of the reporting period, all interest-bearing bank and other borrowings were denominated in RMB.

28. ISSUED CAPITAL

	2020	2019
	RMB'000	*RMB'000*
Issued and fully paid:		
Domestic shares of 1,200,000,000 of RMB1.00 each	**1,200,000**	1,200,000
H shares of 456,102,000 of RMB1.00 each	**456,102**	456,102
	1,656,102	1,656,102

All domestic shares and H shares rank pari passu with each other in terms of dividend and voting rights.

29. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 139 and 140 of the financial statements.

(a) Share premium

The application of the share premium account is governed by the Company Law of the PRC. Under the constitutional documents and the Company Law of the PRC, the share premium is distributable as a dividend on the condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time the proposed dividend is to be paid.

(b) Statutory reserve

In accordance with the Company Law of the PRC and the respective articles of association of subsidiaries domiciled in Mainland China, each of the PRC subsidiaries is required to allocate 10% of its profit after tax, as determined in accordance with PRC Generally Accepted Accounting Principles ("GAAP"), to the statutory surplus reserve (the "SSR") until such reserve reaches 50% of its registered capital.

According to the articles of association of the subsidiaries located in Mainland China, the Company and the subsidiaries are required to allocate 10% of their profit after tax in accordance with PRC GAAP to the SSR.

The SSR is non-distributable except in the event of liquidation and subject to certain restrictions set out in the relevant PRC regulations. They can be used to offset accumulated losses or capitalised as paid-up capital.

(c) Other reserve

It represents the fair value of 40% of the share of identifiable net assets of Chengbei Exit Expressway Company's attributable share as at the acquisition date of RMB121,818,000.

(d) Merger differences

Merger differences consisted of: (i) the difference between the consideration of RMB429,777,000 paid by Chengdu Expressway Construction to acquire 51% equity interests in Chengming Expressway Company, after netting off the consideration of RMB485,143,000 paid to Chengdu Expressway Construction by the Group on the acquisition of 51% equity interests in Chengming Expressway Company, and (ii) the difference between the consideration of RMB727,570,000 paid by the Group to acquire 94.49% equity interests in Energy Development Company offset by the aggregate amount of the paid-up issued capital, capital reserve and merger reserve attributable to the then owners immediately before the acquisition of RMB402,857,000.

29. RESERVES *(continued)*

(e) Safety fund reserve

Pursuant to the relevant PRC regulation, Zhongyou Energy and Communications Investment Energy are required to transfer a certain percentage based on a progressive rate on revenue generated from transportation of petrol or other dangerous chemical into a designated fund. The safety fund can only be transferred to retained profits to offset safety related expenses as and when they are incurred, including expenses related to safety protection facilities and equipment improvement and maintenance as well as safety production inspection, appraisal, consultation and training.

30. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2020	2019 (Restated)
Percentage of equity interest held by non-controlling interests at the reporting dates:		
Chengdu Airport Expressway Company	**45.00%**	45.00%
Chengming Expressway Company	**49.00%**	49.00%
Zhongyou Energy	**51.81%**	51.81%

	2020 ***RMB'000***	2019 *RMB'000* (Restated)
Accumulated balances of non-controlling interests at the reporting dates:		
Chengdu Airport Expressway Company	**135,225**	136,957
Chengming Expressway Company	**365,188**	376,771
Zhongyou Energy	**301,024**	271,155
Profit/(loss) for the year allocated to non-controlling interests of:		
Chengdu Airport Expressway Company	**26,612**	35,563
Chengming Expressway Company	**(11,583)**	(3,461)
Zhongyou Energy	**22,089**	19,290
Dividends paid to non-controlling shareholders of:		
Chengdu Airport Expressway Company	**28,344**	31,558
Chengming Expressway Company	**–**	–
Zhongyou Energy	**18,497**	14,272

30. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(continued)*

The following tables illustrate the summarised financial information of the above subsidiaries:

Chengdu Airport Expressway Company

	2020	2019
	RMB'000	*RMB'000*
Revenue	**111,749**	142,570
Total expenses	**(52,611)**	(63,541)
Profit and total comprehensive income for the year	**59,138**	79,029
Current assets	**204,225**	168,508
Non-current assets	**123,400**	156,293
Current liabilities	**(24,808)**	(17,813)
Non-current liabilities	**(2,316)**	(2,639)
Net cash flows from operating activities	**105,150**	108,481
Net cash flows from/(used) in investing activities	**(165,614)**	280
Net cash flows used in financing activities	**(62,987)**	(70,349)
Net increase/(decrease) in cash and cash equivalents	**(123,451)**	38,412

30. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(continued)*

Chengming Expressway Company

	2020	From 7 May 2019 to 31 December 2019
	RMB'000	*RMB'000*
Revenue	**186,496**	133,171
Total expenses	**(210,134)**	(140,233)
Loss and total comprehensive loss for the year	**(23,638)**	(7,062)
Current assets	**55,418**	90,695
Non-current assets, excluding goodwill	**2,881,614**	2,892,230
Goodwill	**34,026**	34,026
Current liabilities	**(147,619)**	(141,582)
Non-current liabilities	**(2,044,132)**	(2,072,422)
Net cash flows from operating activities	**77,699**	526
Net cash flows used in investing activities	**(75,568)**	(23,369)
Net cash flows used in financing activities	**(69,328)**	–
Net decrease in cash and cash equivalents	**(67,197)**	(22,843)

30. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(continued)*

Zhongyou Energy

	2020	2019
	RMB'000	*RMB'000*
Revenue	**593,293**	686,329
Total expenses	**(550,658)**	(649,097)
Profit and total comprehensive income for the year	**42,635**	37,232
Current assets	**190,953**	142,408
Non-current assets	**433,369**	438,013
Current liabilities	**(17,267)**	(9,445)
Non-current liabilities	**(40,942)**	(46,649)
Net cash flows from operating activities	**45,625**	107,747
Net cash flows used in investing activities	**(7,247)**	(58,279)
Net cash flows used in financing activities	**(10,849)**	(26,581)
Net increase in cash and cash equivalents	**27,529**	22,887

31. BUSINESS COMBINATIONS UNDER COMMON CONTROL

(a) Acquisition of Energy Development Company

On 12 August 2020, the Group acquired 94.49% equity interests in Energy Development Company from Chengdu Communications Investment for a consideration of RMB727,570,000. Energy Development Company is engaged in the management and operation of petrol stations in Mainland China. The acquisition was made as part of the Company's diversified investment strategy, which could improve the Group's ability to continue as a going concern and to resist risks.

As the Group and Energy Development Company are under the common control of Chengdu Communications Investment before and after the acquisition, the business combination has been accounted for in the consolidated financial statements of the Group as a business combination under common control based on the principles of merger accounting as if the acquisition had occurred when Energy Development Company established by Chengdu Communications Investment. Energy Development Company has been under the control of Chengdu Communications Investment since established. Upon the business combination under common control effected on 12 August 2020, Energy Development Company has also become a subsidiary of the Group since its establishment date on 2 June 2011.

31. BUSINESS COMBINATIONS UNDER COMMON CONTROL *(continued)*

(a) Acquisition of Energy Development Company *(continued)*

Under the principles of merger accounting, the assets and liabilities of Energy Development Company are consolidated in the Group's financial statements using the existing book values as stated in the consolidated financial statements of Chengdu Communications Investment immediately prior to the combination.

The carrying amounts of the assets and liabilities of Energy Development Company as at the transaction date on 12 August 2020 were as follows:

	Book values at 12 August 2020	Book values at 31 December 2019
	RMB'000	*RMB'000*
Property, plant and equipment	**106,617**	108,501
Right-of-use assets	**430,792**	428,272
Software	**633**	657
Trade receivables	**24**	547
Inventories	**14,845**	32,308
Prepayments, other receivables and other assets	**34,442**	78,551
Cash and bank balances	**165,113**	168,337
Long-term receivable	**1,720**	860
Deferred tax assets	**14,908**	3,366
Payments in advance	**63,283**	63,166
Investment in a joint venture	**12,252**	11,277
Investments in associates	**160,176**	103,618
Trade payables	**(3,153)**	(4,312)
Tax payables	**(4,719)**	(5,367)
Other payables and accruals	**(33,409)**	(25,834)
Lease liabilities	**(10,127)**	(4,413)
Deferred tax liabilities	**(38,174)**	(40,985)
Total net assets at book value	**915,223**	918,549
Non-controlling interests	**(342,668)**	
	572,555	
Difference recognised in equity	**155,015**	
Total purchase consideration	**727,570**	

The Group has elected to measure the non-controlling interests in Energy Development Company at the proportionate share of the non-controlling interests of Energy Development Company's identifiable net assets.

31. BUSINESS COMBINATIONS UNDER COMMON CONTROL *(continued)*

(a) Acquisition of Energy Development Company *(continued)*

The Group incurred transaction costs of RMB2,059,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in profit or loss.

(b) Acquisition of Chengming Expressway Company

On 16 December 2019, the Group acquired 51% equity interests in Chengming Expressway Company from Chengdu Expressway Construction for a consideration of RMB485,143,000. Chengming Expressway Company is engaged in the management and operation of Qiongming Expressway. The acquisition was made as part of the Company's development strategy to acquire high-quality expressways and will benefit the competition against the expressway nearby.

As the Group and Chengming Expressway Company are under the common control of Chengdu Expressway Construction before and after the acquisition, the business combination has been accounted for in the consolidated financial statements of the Group as a business combination under common control based on the principles of merger accounting as if the acquisition had occurred when Chengming Expressway Company first came under the control of Chengdu Expressway Construction on 7 May 2019. On 7 May 2019, Chengdu Expressway Construction acquired the 100% equity interests in Chengming Expressway Company from independent third parties at a cash consideration of RMB842,700,000. Upon this acquisition and the business combination under common control effected on 16 December 2019, Chengming Expressway Company has also become a subsidiary of the Group since 7 May 2019.

Under the principles of merger accounting, the assets and liabilities of Chengming Expressway Company are consolidated in the Group's financial statements using the existing book values as stated in the consolidated financial statements of Chengdu Expressway Construction immediately prior to the combination. The difference between the consideration paid by Chengdu Expressway Construction to acquire 51% equity interests in Chengming Expressway Company of RMB429,777,000 and the distribution to Chengdu Expressway Construction on the acquisition of 51% equity interests in Chengming Expressway Company of RMB485,143,000 amounted to RMB55,366,000. Such difference was recognised in the merger deficit account.

31. BUSINESS COMBINATIONS UNDER COMMON CONTROL *(continued)*

(b) Acquisition of Chengming Expressway Company *(continued)*

The following table shows the amount of goodwill recognised and fair values of the net identifiable assets and liabilities of Chengming Expressway Company as at the date when Chengming Expressway Company first came under the control of Chengdu Expressway Construction on 7 May 2019:

	Notes	Fair values at 7 May 2019 *RMB'000*
Property, plant and equipment	*13*	57,377
Right-of-use assets	*14*	35,012
Service concession arrangements	*16*	2,828,719
Trade receivables		2,269
Prepayments, other receivables and other assets		8,401
Cash and bank balances		111,831
Trade payables		(9,495)
Other payables and accruals		(9,776)
Interest-bearing bank and other borrowings		(1,995,374)
Deferred income		(63,734)
Deferred tax liabilities	*20*	(189,247)
Total identifiable net assets at fair value		775,983
Non-controlling interests		(380,232)
Goodwill on acquisition		34,026
The proportionate share of the consideration paid by Chengdu Expressway Construction for the acquisition of the 51% equity interests in Chengming Expressway Company		429,777

The Group has elected to measure the non-controlling interests in Chengming Expressway Company at the proportionate share of the non-controlling interests of Chengming Expressway Company's identifiable net assets.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the year would have been RMB1,312,708,000 and RMB471,055,000, respectively.

31. BUSINESS COMBINATIONS UNDER COMMON CONTROL *(continued)*

(b) Acquisition of Chengming Expressway Company *(continued)*

The Group incurred transaction costs of RMB2,654,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in profit or loss.

An analysis of the cash flows in respect of the acquisition of Chengming Expressway Company is as follows:

	RMB'000
Cash consideration	(485,143)
Cash and bank balances acquired	111,831
Net outflow of cash and cash equivalents included in cash flows from investing activities	(373,312)

Since 7 May 2019, Chengming Expressway Company contributed RMB133,171,000 to the Group's revenue and caused a loss of RMB7,062,000 to the consolidated profit for the year ended 31 December 2019.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Bank and other borrowings *RMB'000*	Due to the parent company *RMB'000*	Lease liabilities *RMB'000*	Interest payable *RMB'000*
2020				
At 31 December 2019 and at 1 January 2020 (Restated)	**3,014,717**	**25,746**	**39,507**	**3,271**
Changes from financing cash flows	**212,969**	**–**	**(6,219)**	**(122,768)**
Interest expenses	**–**	**10,836**	**1,998**	**123,605**
Reclassification	**36,582**	**(36,582)**	**–**	**–**
Lease modification	**–**	**–**	**(302)**	**–**
New lease	**–**	**–**	**12,494**	**–**
At 31 December 2020	**3,264,268**	**–**	**47,478**	**4,108**
2019 (Restated)				
At 31 December 2018	1,613,500	–	–	1,464
Effect of adoption of IFRS 16	–	–	44,526	–
At 1 January 2019	1,613,500	–	44,526	1,464
Effect of a business combination under common control *(note 31(b))*	1,995,374	–	–	–
Changes from financing cash flows	(594,157)	–	(8,149)	(106,501)
Interest expenses	–	25,746	2,102	108,308
New lease	–	–	1,028	–
At 31 December 2019	3,014,717	25,746	39,507	3,271

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(b) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2020 *RMB'000*	2019 *RMB'000* (Restated)
Within operating activities	**2,160**	1,575
Within financing activities	**6,219**	8,149
	8,379	9,724

33. CONTINGENT LIABILITIES

On 4 June 2018, Communications Investment Energy was involved in a contract dispute arising from a forged trade receivable document composed by Petroleum Corporation for an amount of approximately RMB73,989,000. Petroleum Corporation is a subsidiary of Chengdu Huaguan Industrial Co., Ltd. ("Chengdu Huaguan"). As at the reporting date, the litigation is still unsettled. The Directors, based on the advice from the Group's legal counsel, believe that Communications Investment Energy has a valid defence against the lawsuit. In addition, Chengdu Communications Investment has irrevocably undertaken in writing to the Company, if, following the completion of the acquisition of Energy Development Company, the court ruled that Communications Investment Energy shall assume legal responsibilities, Chengdu Communications Investment shall fully compensate the actual losses thus incurred to the Group. Accordingly, the Directors have not provided for any loss arising from litigation, other than the related legal costs.

34. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2020 *RMB'000*	2019 *RMB'000* (Restated)
Contracted, but not provided for:		
Purchase of land	**28,306**	–
Service concession arrangements	**7,025**	7,025
Property, plant and equipment	**5,106**	9,293

NOTES TO FINANCIAL STATEMENTS

31 December 2020

35. RELATED PARTY TRANSACTIONS AND BALANCES

The Directors are of the view that the following companies are related parties that had material transactions or balances with the Group during the year.

(a) Name of related parties and their relationships with the Group

Related parties	Relationships
Chengdu Communications Investment	Ultimate holding company
Chengdu Expressway Construction	Parent company
Chengdu Junction	A company controlled by Chengdu Communications Investment
Chengdu Communications Assets Management Co., Ltd. ("Assets Management")	A company controlled by Chengdu Communications Investment
Zhongyou Jieneng	An associate
Chengdu Jiuhe	An associate
Chengdu Huaguan	A non-controlling shareholder of Communication Investment Energy
Petroleum Corporation	A subsidiary of Chengdu Huaguan
PetroChina Co., Ltd. ("PetroChina")	A non-controlling shareholder of Zhongyou Energy
Sinkiang CNPC Build Install Engineering Co., Ltd ("Sinkiang Engineering")	A subsidiary of Petro China
Chengdu Road and Bridge Management Co., Ltd. ("Chengdu Road & Bridge")	A company controlled by Chengdu Expressway Construction

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties:

35. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(b) Transactions with related parties

(1) Repayment of interest-bearing loans from a related party

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Zhongyou Jieneng	**–**	(1,900)

(2) Interest income

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Zhongyou Jieneng	**–**	80
Chengdu Jiuhe	**99**	99
	99	179

The repayment terms and interest rates for the above interest-bearing loans granted to related parties are disclosed note 23(b).

(3) Properties leased from a related party

	2020	2019
	RMB'000	*RMB'000*
Chengdu Junction	**2,160**	249

The directors consider that the office rental expenses paid by the Group to Chengdu Junction as determined under the tenancy agreement were based on market rates for similar locations.

Upon the adoption of IFRS 16, the above lease contract was recognised and measured as a right-of-use asset. During the year, the rental paid by the Group to Chengdu Junction amounted to RMB1,875,000 (2019: RMB3,825,000).

35. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(b) Transactions with related parties *(continued)*

(4) Purchase of refined oil from a related party

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
PetroChina	**507,197**	575,069

The Directors considered that the refined oil price paid by the Group to PetroChina was based on the market price.

(5) Property management and other general services from related parties

	2020	2019
	RMB'000	*RMB'000*
Assets Management	**3,027**	1,319
Chengdu Junction	**287**	161

The directors consider that property management and other general service expenses paid by the Group to Assets Management and Chengdu Junction as determined under the property management and other general service agreements were based on market rates for similar locations/services.

(6) Acquisition of equity interests from related parties

		2020	2019
	Notes	***RMB'000***	*RMB'000*
Chengdu Expressway Construction	*(i)*	**–**	485,143
Chengdu Communications Investment	*(ii)*	**727,570**	–
Chengdu Junction	*(iii)*	**47,084**	–
		774,654	485,143

35. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(b) Transactions with related parties *(continued)*

(6) Acquisition of equity interests from related parties (continued)

(i) The consideration for the acquisition of 51% equity interests in Chengming Expressway Company was determined with reference to the valuation of the equity value of Chengming Expressway Company as determined by the independent valuer engaged by the Company and after arm's length negotiation with Chengdu Expressway Construction.

(ii) The consideration for the acquisition of 94.49% equity interests in Energy Development Company was determined with reference to the valuation of the equity value of Energy Development Company as determined by the independent valuer engaged by the Company and after arm's length negotiation with Chengdu Communications Investment.

(iii) The consideration for the acquisition of 47.49% equity interests in Zhongyou Jieneng was determined with reference to the valuation of the equity value of Zhongyou Jieneng as determined by the independent valuer engaged by Energy Development Company and after arm's length negotiation with Chengdu Junction. The acquisition of 47.49% equity interests in Zhongyou Jieneng was completed prior to the Group's acquisition of Energy Development Company on 12 August 2020.

(7) Interest expense on an unsecured loan from a related party

	2020	2019
	RMB'000	*RMB'000*
Chengdu Expressway Construction	**10,836**	25,746

Prior to 7 May 2019, Chengming Expressway Company received an interest-bearing loan amounting to RMB772,060,000 from Chengdu Expressway Construction. In 2020, Chengming Expressway Company repaid RMB726,874,000. Such loan was included in interest-bearing bank and other borrowings at 31 December 2019 (note 35(c)). The interest rate charged by Chengdu Expressway Construction is 4.9% per annum as determined under the loan agreement.

35. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(b) Transactions with related parties *(continued)*

(8) Bank loan guarantees provided by a related party

	2020	2019
	RMB'000	*RMB'000*
Chengdu Communications Investment	**1,767,500**	1,154,157

The bank loans were guaranteed by a related party for nil consideration.

(9) Revenue from the sale of refined oil to a related party

	2020	2019
	RMB'000	*RMB'000*
Chengdu Huaguan	**14**	132

The Directors considered that the refined oil price paid by Chengdu Huaguan to the Group was based on the market price.

(10) Construction service from a related party

	2020	2019
	RMB'000	*RMB'000*
Sinkiang Engineering	**–**	260

The Directors considered that the construction service price paid by the Group to Sinkiang Engineering was based on the market price for similar service.

35. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(b) Transactions with related parties *(continued)*

(11) Construction compensation from a related party

	2020	2019
	RMB'000	*RMB'000*
Chengdu Road & Bridge	**1,903**	11,853

On 14 October 2019, Chengdu Airport Expressway Company and Chengdu Road & Bridge entered into the construction compensation agreement (the "Agreement") of the 3rd Ring Road Expansion and Upgrading Project (Renovation Project of the Blue Sky Interchange Node) on Chengdu Airport Expressway (the "Project"). Under the Agreement, in 2019 and 2020, Chengdu Road & Bridge shall pay aggregate compensations of RMB11,853,000 and RMB1,903,000 for temporary occupation of the relevant main sections, side ditches and green belts of Chengdu Airport Expressway, the impact on toll income and other losses suffered by Chengdu Airport Expressway during the construction period.

In addition, Chengdu Road & Bridge made a lump-sum compensation of RMB2,567,000 as compensation to permanently occupy certain green belts along Chengdu Airport Expressway. The lump-sum compensation was recorded as deferred income and amortised over the remaining concession period of Chengdu Airport Expressway.

35. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(c) Balances with related parties

	Notes	**2020** **RMB'000**	2019 *RMB'000* (Restated)
Due from related parties			
Non-trade in nature			
Non-current:			
– Chengdu Jiuhe	*(ii)*	**1,720**	860
Current:			
– Petroleum Corporation	*(i)*	**45,751**	45,751
– Chengdu Jiuhe	*(ii)*	**430**	1,392
– PetroChina	*(iii)*	**21,858**	26,950
– Assets Management	*(iv)*	**162**	134
– Chengdu Road & Bridge	*(v)*	**–**	4,315
		68,201	78,542
Impairment loss			
– Petroleum Corporation	*(i)*	**(45,751)**	–
		22,450	78,542
Trade receivable, net of impairment loss			
– Chengdu Huaguan	*(i)*	**–**	418
Due to related parties			
Non-trade in nature			
– Sinkiang Engineering	*(vi)*	**260**	260
– Chengdu Expressway Construction	*(vii)*	**–**	25,746
		260	26,006
Unsecured other loan, included in interest-bearing bank and other borrowings:			
– Chengdu Expressway Construction	*(vii)*	**81,768**	772,060

35. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(c) Balances with related parties *(continued)*

Notes:

(i) In 2015, Communications Investment Energy made an advance payment of RMB70,477,000 to Petroleum Corporation for the purchase of refined oil products from Petroleum Corporation. However, Petroleum Corporation failed to deliver the refined oil products according to the sale and purchase agreement. In this regard, Chengdu Huaguan, being the parent company of Petroleum Corporation and the non-controlling shareholder of Communications Investment Energy, had reached an informal agreement with Communications Investment Energy, pursuant to which the receivable due from Petroleum Corporation will be repaid via the future dividend payments from Communications Investment Energy to Chengdu Huaguan. In 2018 and 2019, the receivable due from Petroleum Corporation was partially repaid by offsetting with the dividends distributable to Chengdu Huaguan amounting to RMB7,438,000 and RMB17,288,000, respectively. In 2020, the directors of the Group assessed that the amount due from Petroleum Corporation is credit-impaired with a significant increase in credit risk and the loss allowance of RMB45,751,000 is measured at an amount equal to lifetime ECLs.

(ii) The balances represented the principal amount of loans granted to Chengdu Jiuhe and interest receivable arising thereon. The repayment terms and interest rates are set out in note 23(b).

(iii) The balance represented the prepayment for the purchase of refined oil paid to PetroChina.

(iv) The balance due from Assets Management in 2019 represented management and other general service fees prepaid to Assets Management.

(v) The balance due from Chengdu Road & Bridge represented the compensation receivable from Chengdu Road & Bridge as described above.

(vi) The balance represented construction fees payable to Sinkiang Engineering.

(vii) The balance due to Chengdu Expressway Construction represented an interest-bearing loan and interest from Chengdu Expressway Construction.

35. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(d) Compensation of key management personnel of the Group

	2020	2019
	RMB'000	*RMB'000*
Fees	**270**	270
Salaries, allowances and benefits in kind	**5,130**	5,292
Pension scheme contributions	**31**	424
	5,431	5,986

Further details of directors' and supervisor's emoluments are included in note 9 to the financial statements.

The related party transactions in respect of items (b)(3), b(4), b(5) and b(6) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	2020 *RMB'000*	2019 *RMB'000* (Restated)
Financial assets at amortised cost		
Trade receivables	**68,617**	51,606
Due from a related party-non-current	**1,720**	860
Financial assets included in prepayments, other receivables and other assets	**12,961**	106,227
Cash and cash equivalents	**1,759,686**	1,674,850
Pledged deposits	**15,269**	–
	1,858,253	1,833,543
Financial assets at fair value through profit or loss:		
Financial assets at fair value through profit or loss	**500**	500
	1,858,753	1,834,043

Financial liabilities

	2020 *RMB'000*	2019 *RMB'000* (Restated)
Financial liabilities at amortised cost		
Trade payables	**927,659**	956,974
Financial liabilities included in other payables and accruals	**229,939**	88,875
Interest-bearing bank and other borrowings	**3,264,268**	3,014,717
Lease liabilities	**47,478**	39,507
	4,469,344	4,100,073

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values due to their short terms to maturity, are as follows:

	Carrying amounts		Fair value	
	2020	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Carrying amounts				
Financial assets				
Financial assets at fair value through profit or loss	**500**	500	**500**	500
Long-term receivable, non-current portion	**1,720**	860	**1,720**	860
Pledged deposits non-current portion	**15,269**	–	**15,269**	–
Financial liabilities				
Interest-bearing bank and other borrowings, non-current portion:				
– Bank loans	**2,968,000**	1,985,500	**2,851,409**	1,900,507
– Other borrowings	**81,768**	772,060	**75,991**	736,592

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, the current portion of financial assets included in prepayments, other receivables and other assets and financial liabilities included in other payables and accruals, the current portion of lease liabilities, the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Management has assessed that the fair value of financial assets at fair value through profit or loss approximates to their carrying amount based on valuation techniques which require significant unobservable inputs.

The fair values of the non-current portion of the Group's government grant receivable and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, adjusted by the Group's or the subsidiaries' own non-performance risk where appropriate.

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

The fair value measurement hierarchy of the Group's non-current portion of financial assets and financial liabilities for which fair values are disclosed is considered to be Level 3, which required significant unobservable inputs as at the end of the reporting period. The fair value measurement hierarchy of the financial assets at fair value through profit or loss requires significant unobservable inputs (Level 3). The significant unobservable inputs used in the fair value measurement are the price to book ("P/B") ratio of comparable listed companies and discount for lack of marketability. It is estimated that with all other variables held constant, an increase/(a decrease) in the estimated P/B ratio and a decrease/(an increase) in the estimated discount for lack of marketability would result in an increase/(a decrease) in the fair value of the financial assets at fair value through profit or loss.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, lease liabilities, trade and other receivables, cash and cash equivalents, and trade and other payables. The main purpose of these financial instruments is to raise finance for the Group's operations. It is the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The interest rates and terms of repayment of interest-bearing bank and other borrowings are disclosed in note 27. The Group does not have any significant exposure to the risk of changes in market interest rates as the Group does not have any long term receivables and loans which are subject to floating interest rates.

Credit risk

The carrying amounts of cash and cash equivalents, trade receivables and financial assets included in prepayments, other receivables and other assets represent the Group's maximum exposure to credit risk in relation to these financial assets. Substantially all of the Group's cash and cash equivalents are held in major financial institutions located in Mainland China, which management believes are of high credit quality. The Group controls the size of the deposits to be placed with various reputable financial institutions according to their market reputation, operating scale and financial background with a view to limiting the credit exposure to a single financial institution to an acceptable level.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

(i) Credit risk of cash and cash equivalents

To manage the risk arising from cash and cash equivalents, they are mainly placed with banks with high credit ratings. There has been no recent history of default in relation to these financial institutions. The expected credit loss is close to zero.

(ii) Credit risk of trade receivables

As the Group's major receivables are due from government agencies, the Group believes that they are reliable and of high credit quality and hence, there is no significant credit risk with these receivables. The senior management of the Company keeps reviewing and assessing the creditworthiness of the Group's existing customers on an ongoing basis and the directors consider that the expected credit risks of them are minimal in view of the history of cooperation with them.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 22 to the financial statements.

(iii) Credit risk of other receivables

Other receivables at the end of the reporting period mainly comprised a government grant receivable and rental income receivables. The directors consider the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis during the year. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the third party's ability to meet its obligations;
- actual or expected significant changes in the operating results of the third party;
- significant changes in the expected performance and behaviour of the third party, including changes in the payment status of the third party.

For other receivables, the directors make periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables. Therefore, the expected credit loss is estimated to be minimal.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

(iii) Credit risk of other receivables (continued)

Based on historical experience, except for the government grant receivable, a majority of the other receivables were settled within 1 month upon maturity, and hence, the expected credit loss is close to zero. The Directors consider that the expected credit risk of government grant receivable is minimal as the receivable is due from Chengdu Municipal Government where the Group believes that it is of high credit quality. The Directors consider that the expected credit risk of Petroleum Corporation is credit impaired as the receivable is due from Petroleum Corporation where the Group believes that it is of low credit quality. The Group has fully impaired the amount due from Petroleum Corporation of RMB45,751,000 as at 31 December 2020.

The Group reviews regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts. Over the term of the financial assets, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of debtors, and adjusts for forward-looking macroeconomic data.

No significant changes to estimation techniques or assumptions were made during the year.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

(iii) Credit risk of other receivables (continued)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Simplified approach *RMB'000*	Total *RMB'000*
Trade receivables					
– Normal*	–	–	–	51,606	51,606
– Doubtful*	–	–	–	4	4
Financial assets included in other receivables					
– Normal**	106,227	–	–	–	106,227
– Doubtful**	–	–	3,250	–	3,250
Cash and cash equivalents					
– Not yet past due	1,674,850	–	–	–	1,674,850
	1,781,077	–	3,250	51,610	1,835,937

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

(iii) Credit risk of other receivables (continued)

Maximum exposure and reporting period-end staging *(continued)*

As at 31 December 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	**Stage 2** *RMB'000*	**Stage 3** *RMB'000*	**Simplified approach** *RMB'000*	**Total** *RMB'000*
Trade receivables					
– Normal*	–	–	–	68,617	68,617
– Doubtful*	–	–	–	439	439
Financial assets included in other receivables					
– Normal**	12,961	–	–	–	12,961
– Doubtful**	–	–	47,596	–	47,596
Cash and cash equivalents					
– Not yet past due	1,759,686	–	–	–	1,759,686
Pledged deposits					
– Not yet past due	15,269	–	–	–	15,269
	1,787,916	**–**	**47,596**	**69,056**	**1,904,568**

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 22.

** The credit quality of the financial assets included in other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of lease liabilities and interest-bearing bank and other borrowings.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash flows from operations to meet its debt obligations as they fall due.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2020					
	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Interest-bearing bank and other borrowings	**–**	**70,299**	**281,141**	**1,570,767**	**2,354,268**	**4,276,475**
Lease liabilities	**–**	**1,185**	**7,431**	**25,413**	**24,836**	**58,865**
Trade payables	**853,305**	**68,082**	**–**	**6,272**	**–**	**927,659**
Other payables and accruals	**185,773**	**12,025**	**32,141**	**–**	**–**	**229,939**
	1,039,078	**151,591**	**320,713**	**1,602,452**	**2,379,104**	**5,492,938**

	2019					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	–	36,106	363,703	2,291,022	977,810	3,668,641
Lease liabilities	–	605	5,078	17,330	28,961	51,974
Trade payables	797,483	127,273	–	32,218	–	956,974
Other payables and accruals	54,400	8,739	25,736	–	–	88,875
	851,883	172,723	394,517	2,340,570	1,006,771	4,766,464

Capital management

The Group's objectives for capital management are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for the shareholders and benefits for other stakeholders, and to provide an adequate return for shareholders by pricing services and products commensurately with the level of risk.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management *(continued)*

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt comprises interest-bearing bank and other borrowings, lease liabilities, trade payables, other payables and accruals, and tax payable, less cash and cash equivalents. Capital represents equity attributable to owners of the Company.

The Group's strategy is to maintain the gearing ratio at a healthy capital level in order to support its businesses. The principal strategies adopted by the Group include, but are not limited to, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its businesses. The gearing ratios as at the end of the reporting periods were as follows:

	31 December 2020 *RMB'000*	31 December 2019 *RMB'000*
Trade payables	**927,659**	956,974
Other payables and accruals	**318,832**	181,982
Tax payable	**39,691**	51,140
Lease liabilities	**47,478**	39,507
Interest-bearing bank and other borrowings	**3,264,268**	3,014,717
Less: Cash and cash equivalents	**(1,759,686)**	(1,674,850)
Net debt	**2,838,242**	2,569,470
Total equity	**4,171,910**	4,734,555
Capital and net debt	**7,010,152**	7,304,025
Gearing ratio	**40%**	35%

39. EVENTS AFTER THE REPORTING PERIOD

As at the date of approval of the financial statements, the Group has no events after the reporting period that needs to be disclosed.

40. COMPARATIVE AMOUNTS

As explained in note 2.1 to the financial statements, due to the adoption of merger accounting for business combination under common control during the year ended 31 December 2020, certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment.

The following table demonstrates the effect of adopting merger accounting for a common control combination on the consolidated profit or loss and other comprehensive income for the year ended 31 December 2019 and the consolidated statement of financial position as at 31 December 2019.

Effect on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019:

	As previously reported *RMB'000*	Effect of business combination under common control *RMB'000* *(note 2.1)*	As restated *RMB'000*
Revenue	1,255,926	1,045,458	2,301,384
Cost of sales	(553,964)	(874,909)	(1,428,873)
Other income and gains	86,394	4,034	90,428
Selling expenses	–	(51,347)	(51,347)
Administrative expenses	(68,647)	(33,000)	(101,647)
Other expenses	(12,481)	(2,394)	(14,875)
Finance costs	(134,866)	(1,290)	(136,156)
Share of profit/(loss) of a joint venture	–	2,229	2,229
Share of profit/(loss) of an associate	(352)	20,737	20,385
Profit before tax	572,010	109,518	681,528
Income tax expense	(100,908)	(25,053)	(125,961)
Profit for the year and total comprehensive income for the year	471,102	84,465	555,567
Profit and total comprehensive income attributable to:			
Owners of the Company	438,791	46,407	485,198
Non-controlling interests	32,311	38,058	70,369

40. COMPARATIVE AMOUNTS *(continued)*

Effect on certain key items on the consolidated statement of financial position as at 31 December 2019:

	As previously reported	Effect of business combination under common control	As restated
	RMB'000	*RMB'000*	*RMB'000*
Assets			
Property, plant and equipment	359,967	108,501	468,468
Right-of-use assets	70,702	428,272	498,974
Goodwill	34,026	–	34,026
Service concession arrangements	5,925,770	–	5,925,770
Software	515	657	1,172
Investment in a joint venture	–	11,277	11,277
Investments in associates	106,064	103,618	209,682
Payments in advance	–	63,166	63,166
Financial assets at fair value through profit or loss	500	–	500
Long-term receivable	–	860	860
Deferred tax assets	9,068	3,366	12,434
Inventories	–	32,308	32,308
Trade receivables	51,059	547	51,606
Prepayments, other receivables and other assets	270,830	78,196	349,026
Cash and cash equivalents	1,506,513	168,337	1,674,850
Liabilities			
Trade payables	952,662	4,312	956,974
Other payables and accruals	156,503	25,479	181,982
Interest-bearing bank and other borrowings:			
Current	257,157	–	257,157
Non-current	2,757,560	–	2,757,560
Deferred income	120,224	–	120,224
Lease liabilities:			
Current	3,039	809	3,848
Non-current	32,055	3,604	35,659
Tax payable	45,773	5,367	51,140
Deferred tax liabilities	194,035	40,985	235,020

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2020	2019
	RMB'000	*RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**34,846**	56,861
Right-of-use assets	**17,560**	13,117
Service concession arrangements	**532,851**	521,160
Software	**369**	279
Deferred tax assets	**2,505**	1,279
Investments in subsidiaries	**2,734,652**	2,062,097
Investment in an associate	**118,218**	106,064
Pledged deposits	**15,269**	–
Total non-current assets	**3,456,270**	2,760,857
CURRENT ASSETS		
Trade receivables	**11,326**	5,276
Prepayments, other receivables and other assets	**100,190**	10,883
Cash and cash equivalents	**1,377,224**	777,151
Total current assets	**1,488,740**	793,310
CURRENT LIABILITIES		
Tax payable	**2,772**	6,059
Trade payables	**65,633**	32,488
Lease liabilities	**3,042**	1,764
Other payables and accruals	**1,043,421**	37,286
Interest-bearing bank loans	**107,000**	23,000
Total current liabilities	**1,221,868**	100,597
NET CURRENT ASSETS	**266,872**	692,713
TOTAL ASSETS LESS CURRENT LIABILITIES	**3,723,142**	3,453,570

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	2020	2019
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank loans	**445,000**	192,000
Deferred income	**14,949**	16,692
Lease liabilities	**13,916**	10,745
Total non-current liabilities	**473,865**	219,437
Net assets	**3,249,277**	3,234,133
EQUITY		
Issued capital	**1,656,102**	1,656,102
Reserves *(note)*	**1,593,175**	1,578,031
Total equity	**3,249,277**	3,234,133

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium *RMB'000*	**Statutory surplus reserve** *RMB'000*	**Retained earnings** *RMB'000*	**Other reserve** *RMB'000*	**Total** *RMB'000*
At 1 January 2019	222,865	100,704	527,903	314,833	1,166,305
Total comprehensive income for the year	–	–	339,637	–	339,637
Transfer from retained earnings	–	35,691	(35,691)	–	–
Issue of new shares for the IPO	357,821	–	–	–	357,821
Exercise of the over-allotment option	50,480	–	–	–	50,480
Share issue expenses	(61,952)	–	–	–	(61,952)
Effect of a business combination under common control	–	–	–	(58,967)	(58,967)
Dividend declared	–	–	(215,293)	–	(215,293)
At 31 December 2019 and 1 January 2020	**569,214**	**136,395**	**616,556**	**255,866**	**1,578,031**
Total comprehensive income for the year	**–**	**–**	**368,891**	**–**	**368,891**
Transfer from retained earnings	**–**	**37,599**	**(37,599)**	**–**	**–**
Effect of a business combination under common control	**–**	**–**	**–**	**(155,015)**	**(155,015)**
Dividend declared	**–**	**–**	**(198,732)**	**–**	**(198,732)**
At 31 December 2020	**569,214**	**173,994**	**749,116**	**100,851**	**1,593,175**

According to the relevant regulations in the PRC, the amount of reserves available for distribution is the lower of the amount determined under PRC Generally Accepted Accounting Principles and the amount determined under IFRSs.

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board on 25 March 2021.

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Yang Tan *(General Manager)*
Mr. Zhang Dongmin
Ms. Wang Xiao
Mr. Luo Dan

Non-executive Directors

Mr. Xiao Jun *(Chairman of the Board)*
Mr. Yang Bin

Independent non-executive Directors

Mr. Shu Wa Tung, Laurence
Mr. Ye Yong
Mr. Li Yuanfu

JOINT COMPANY SECRETARIES

Mr. Zhang Guangwen
Ms. Kwong Yin Ping, Yvonne

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Shu Wa Tung, Laurence *(Chairman)*
Mr. Ye Yong
Mr. Yang Bin

NOMINATION COMMITTEE

Mr. Xiao Jun *(Chairman)*
Mr. Li Yuanfu
Mr. Ye Yong

REMUNERATION AND EVALUATION COMMITTEE

Mr. Ye Yong *(Chairman)*
Mr. Luo Dan
Mr. Li Yuanfu

STRATEGY AND DEVELOPMENT COMMITTEE

Mr. Yang Tan *(Chairman)*
Ms. Wang Xiao
Mr. Shu Wa Tung, Laurence

PRINCIPAL BANKS

Bank of China
Chengdu Shudu Branch

Industrial and Commercial Bank
Sichuan Chengdu Jinniu Branch

China Construction Bank
Chengdu No.1 Sub-branch

Industrial and Commercial Bank
Sichuan Chengdu Wuhouci Branch

REGISTERED OFFICE

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PRC

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN THE PRC

9th Floor, Chengnan Tianfu Building
No. 66 Shenghe 1st Road, High-Tech Zone
Chengdu, Sichuan
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

CORPORATE INFORMATION

SUPERVISORY COMMITTEE

Ms. Jiang Yan *(Chairman of the Supervisory Committee)*
Ms. Wu Haiyan
Mr. Zhang Yi
Ms. Xu Jingxian *(employee representative Supervisor)*
Mr. Zhang Jian *(employee representative Supervisor)*

AUTHORISED REPRESENTATIVES

Mr. Luo Dan
Mr. Zhang Guangwen

AUDITOR

Ernst & Young, Registered Public Interest Entity Auditor

LEGAL ADVISERS

As to Hong Kong Law:
DLA Piper Hong Kong

As to PRC Law:
Tahota Law Firm (泰和泰律師事務所)

COMPLIANCE ADVISER

Alliance Capital Partners Limited

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Stock Code: 1785

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