

Sichuan Expressway Company Limited

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00107)



2022 Interim Report



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DEFINITIONS

In this section, the definitions are presented in alphabetical order (A–Z).

I. NAME OF EXPRESSWAY PROJECTS

Airport Expressway	Chengdu Airport Expressway
Chengbei Exit Expressway	Chengdu Chengbei Exit Expressway
Chengle Expressway	Sichuan Chengle (Chengdu – Leshan) Expressway
Chengren Expressway	Chengdu – Meishan (Renshou) Section of ChengZiLuChi (Chengdu – Zigong – Luzhou – Chishui) Expressway
Chengya Expressway	Sichuan Chengya (Chengdu – Ya’an) Expressway
Chengyu Expressway	Chengyu (Chengdu – Chongqing) Expressway (Sichuan Section)
Suiguang Expressway	Sichuan Suiguang (Suining – Guang’an) Expressway
Suixi Expressway	Sichuan Suixi (Suining – Xichong) Expressway
Tianqiong Expressway	Tianqiong (Chengdu Tianfu New Area - Qionglai) Expressway

DEFINITIONS (CONTINUED)

II. BRANCHES, SUBSIDIARIES AND PRINCIPAL INVESTED COMPANIES

Chengbei Company	Chengdu Chengbei Exit Expressway Company Limited
Airport Expressway Company	Chengdu Airport Expressway Company Limited
Chengle Company	Sichuan Chengle Expressway Company Limited
Chengle Operation Branch	Operation and Management Branch of Sichuan Chengle Expressway Company Limited
Chengqiongya Company	Sichuan Chengqiongya Expressway Company Limited
Chengren Branch	Sichuan Expressway Company Limited Chengren Branch
Chengya Branch	Sichuan Expressway Company Limited Chengya Branch
Chengya Oil Company	Sichuan Chengya Expressway Oil Supply Company Limited
Chengyu Advertising Company	Sichuan Chengyu Expressway Advertising Company Limited

DEFINITIONS (CONTINUED)

Chengyu Branch	Sichuan Expressway Company Limited Chengyu Branch
Chengyu Development Fund	Sichuan Chengyu Development Equity Investment Fund Centre (Limited Partnership)
Chengyu Financial Leasing Company	Chengyu Financial Leasing Company Limited
Chengyu Logistics Company	Sichuan Chengyu Logistics Company Limited
Chengyu Private Equity Fund Company	Sichuan Chengyu Private Equity Fund Management Co., Ltd. (四川成渝私募基金管理有限公司) (formerly known as “Chengdu Chengyu Jianxin Equity Investment Fund Management Co., Ltd.”) (成都成渝建信股權投資基金管理有限公司) (former abbreviation “Chengyu Jianxin Fund Company”, with the change of shareholders and change of name on 25 January 2022)
Chengyu Supply Chain Management Company	Sichuan Chengyu Xingshu Supply Chain Management Company Limited (四川成渝興蜀供應鏈管理有限公司) (formerly known as “Sichuan Chengyu Commercial Factoring Company Limited (四川成渝商業保理有限公司)”, “Tianyi United Commercial Factoring (Luzhou) Company Limited (天乙多聯商業保理(瀘州)有限公司)”, and the changes of name and scope of operations were completed on 28 June 2022)

DEFINITIONS (CONTINUED)

CSI SCE	CSI SCE Investment Holding Limited
Lushan Shuhan Company	Lushan County Shuhan Engineering Construction Management Co., Ltd. (蘆山縣蜀漢工程建設管理有限公司)
Lushan Shunan Company	Lushan County Shunan Engineering Construction Project Management Co., Ltd. (蘆山縣蜀南工程建設項目管理有限公司)
Multimodal United Transportation Company	Sichuan Multimodal United Transportation Investment and Development Co., Ltd.* (四川省多式聯運投資發展有限公司) (formerly named as “Sichuan Tianyi United Investment & Development Co., Ltd (四川省天乙多聯投資發展有限公司)”)
Renshou Shunan Company	Renshou Shunan Investment Management Company Limited
Shudao New Energy Company	Sichuan Shudao New Energy Technology Development Co., Ltd.* (四川蜀道新能源科技發展有限公司) (formerly known as “Sichuan Chengyu Transportation Technology Development Co., Ltd.* (四川成渝交通科技發展有限公司)”, “Sichuan Chengyu Education Investment Co., Ltd. (四川成渝教育投資有限公司)”)

DEFINITIONS (CONTINUED)

Shuhai Company	Chengdu Shuhai Investment Management Company Limited
Shuhong Company	Chengdu Shuhong Property Company Limited
Shunan Chengxing Company	Ziyang Shunan Chengxing Project Construction & Management Co., Ltd.
Shunan Company	Sichuan Shunan Investment Management Company Limited
Shuxia Company	Sichuan Shuxia Industrial Company Limited
Suiguang Suixi Company	Sichuan Suiguang Suixi Expressway Company Limited
Transportation Construction Company	Sichuan Transportation Construction Group Co., Ltd.* (四川省交通建設集團股份有限公司) (formerly known as “Sichuan Trading Construction Engineering Co., Ltd.* (四川交投建設工程股份有限公司)” and “Sichuan Shugong Expressway Engineering Company Limited* (四川蜀工高速公路機械化工程有限公司)”)
Zhonglu Energy Company	Sichuan Zhonglu Energy Company Limited
Zhongxin Company	Sichuan Zhongxin Assets Management Co., Ltd.

DEFINITIONS (CONTINUED)

III. OTHERS

2021 AGM	the 2021 annual general meeting of the Company convened on Wednesday, 25 May 2022, the resolutions of which were published on the website of the Stock Exchange on the same date
A Share(s)	ordinary share(s) denominated in RMB of the Company with a nominal value of RMB1.00 each, which are issued in the PRC, subscribed for in RMB and listed on the SSE
Articles of Association	the Articles of Association of the Company, as amended from time to time
associate(s)	has the meaning as ascribed to it under the Listing Rules of the Stock Exchange
associated corporation(s)	has the meaning as ascribed to it under the SFO
Audit Committee	the Audit Committee of the Board
Board	the Board of Directors of the Company
BOT Project	build – operate – transfer project
BT Project	build – transfer project

DEFINITIONS (CONTINUED)

Chengle Expressway Expansion Construction Project	expansion construction project for the Chengdu to Leshan Expressway
Chengle Expansion Construction Project Pilot Section	expansion construction project of pilot section (from Meishan to Qinglong) of Sichuan Chengle Expressway
China Merchants Expressway Company	China Merchants Expressway Network and Technology Holdings Co. Ltd (formerly known as China Merchants Huajian Highway Investment Company Limited), a substantial shareholder of the Company
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 and the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 00107) and the A Shares of which are listed on the SSE (stock code: 601107)
CSRC	China Securities Regulatory Commission
Director(s)	director(s) of the Company
Group	the Company and its subsidiaries

DEFINITIONS (CONTINUED)

H Share(s)	overseas listed share(s) of the Company with a nominal value of RMB1.00 each, which are issued in Hong Kong, subscribed for in HKD and listed on the main board of the Stock Exchange
HKD	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange and/or the Rules Governing the Listing of Stocks on the SSE (as the case may be)
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules of the Stock Exchange, which has been adopted by the Company as the code of conduct for securities transactions by Directors and Supervisors of the Company
Nomination Committee	the Nomination Committee of the Board
Period or Reporting Period	for the six months ended 30 June 2022

DEFINITIONS (CONTINUED)

PPP Project	Public-Private Partnership project
PRC or Mainland China	the People's Republic of China, for the purpose of this interim report, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
Remuneration and Appraisal Committee	the Remuneration and Appraisal Committee of the Board
RMB	Renminbi, the lawful currency of the PRC
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	A Share(s) and/or H Share(s) (as the case may be)
Shareholder(s)	holder(s) of Shares
Shudao Capital	Shudao Capital Holding Group Co., Ltd. (蜀道資本控股集團有限公司)
Shudao Group	Shudao Investment and its subsidiaries

DEFINITIONS (CONTINUED)

Shudao Investment	Shudao Investment Group Company Limited, the controlling shareholder of the Company
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Strategic Committee	the Strategic Committee of the Board
Suiguang-Suixi Expressways BOT Project	the project on Suiguang Expressway and Suixi Expressway in the form of BOT (build – operate – transfer)
Supervisor(s)	supervisor(s) of the Company
Supervisory Committee	the supervisory committee of the Company
Tianqiong Expressway BOT Project	the project of Chengdu Tianfu New District to Qionglai Expressway BOT (build-operate-transfer) project
%	per cent

In this interim report, the English names of the PRC entities are translations of their Chinese names and included herein for identification purposes only. In the event of any inconsistency between the Chinese and English names, the Chinese names shall prevail.

CORPORATE INFORMATION

Statutory Chinese and English Names of the Company	四川成渝高速公路股份有限公司 Sichuan Expressway Company Limited
Legal Representative	Gan Yongyi
Company Website	http://www.cygs.com
Company's Registered Address and Office Address	252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC
Postal Code	610041
Secretary to the Board ^{Note 1}	Yao Jiancheng
Joint Company Secretaries ^{Note 1}	Yao Jiancheng, Wong Wai Chiu
Tel	(86) 28-8552-7109
Representative of Securities Affairs ^{Note 2}	Tu Wenying

Note 1: On 22 March 2022, Mr. Zhang Yongnian has resigned as (i) the company secretary; and (ii) an Authorised representative of the Company under Rule 3.05 of the Listing Rules on the Stock Exchange due to his further personal career commitments. On 30 March 2022, the Company convened the twenty-first meeting of the seventh session of the Board, at which agreed to elect Mr. Guo Renrong, the Financial Controller of the Company, to act as the acting Secretary to the Board of the Company until the date when the newly appointed Secretary to the Board officially takes office. On 14 June 2022, the Company convened the 23rd meeting of the seventh session of the Board and resolved to appoint Mr. Yao Jiancheng as the Secretary to the Board of the Company and to appoint Mr. Yao Jiancheng and Mr. Wong Wai Chiu as the joint company secretaries of the Company. Concurrently, Mr. Yao Jiancheng and Mr. Wong Wai Chiu have been appointed as authorised representatives of the Company as required under Rules 3.05 and 3.06 of the Listing Rules.

Note 2: Ms. Wang Aihua ceased to serve as the representative of securities affairs of the Company due to work adjustment. On 14 June 2022, the Company convened the twenty-third meeting of the seventh session of the Board and resolved to appoint Ms. Tu Wenying as the representative of securities affairs of the Company for a term until the expiry of the term of office of the seventh session of the Board of the Company. Ms. Tu Wenying is eligible for re-election upon expiry of her term of office.

CORPORATE INFORMATION (CONTINUED)

Tel	(86) 28-8552-7109
Fax	(86) 28-8553-0753
Investors' Hotline	(86) 28-8552-7109
E-mail	db@cygs.com
Contact Address	252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC
Stock Exchanges of the Listing Shares	A Shares: Shanghai Stock Exchange Stock Code: 601107 Stock Name: Sichuan Express H Shares: The Stock Exchange of Hong Kong Limited Stock Code: 00107 Stock Name: Sichuan Express
Newspapers Selected by the Company for Information Disclosure	China Securities Journal, Shanghai Securities News
Websites Designated for Publication of the Interim Report of the Company	http://www.sse.com.cn http://www.hkex.com.hk http://www.cygs.com

CORPORATE INFORMATION (CONTINUED)

Place for Inspection of the Interim Report of the Company	PRC: 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC Hong Kong: 22/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong
International Auditor	Ernst & Young 27/F, One Taikoo Place 979 King's Road Quarry Bay, Hong Kong
PRC Auditor	Shinewing Certified Public Accountants (Special General Partnership) 8th Floor, Block A, Fu Hua Mansion, No. 8 Chao Yang Men Bei Da Jie, Dongcheng District, Beijing, the PRC
Hong Kong Legal Adviser	Li & Partners 22/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong
PRC Legal Adviser	Beijing Zhongyin (Chengdu) Law Firm (北京中銀(成都)律師事務所) 13th Floor, Block B, OCG International Center, No. 158 Tianfu 4th Avenue, GaoXin District, Chengdu, Sichuan Province, the PRC

CORPORATE INFORMATION (CONTINUED)

Domestic Shares Registrar and Transfer Office	China Securities Depository and Clearing Corporation Limited Shanghai Branch 36/F China Insurance Building, No.166 Lujiazui East Road, Pudong, Shanghai, the PRC
Hong Kong Shares Registrar and Transfer Office	Hong Kong Registrars Limited Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
Principal Place of Business in Hong Kong	Rooms 2201–2203, 22/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong
Initial Registration Date and Place	19 August 1997 Chengdu, Sichuan Province, the PRC
Unified Social Credit Code	9151000020189926XW
Principal Banker	China Construction Bank

COMPANY PROFILE

The Company was incorporated upon registration with the Industry and Commerce Bureau of Sichuan Province of the PRC on 19 August 1997. The Company was listed on the Stock Exchange (stock code: 00107) on 7 October 1997 and on the SSE (stock code: 601107) on 27 July 2009, respectively.

The Group is principally engaged in the investment, construction, operation and management of expressway infrastructure projects as well as the operation of other businesses related to expressways. Currently, the Group mainly owns all or substantial interests in a number of expressways in Sichuan Province such as Chengyu Expressway, Chengya Expressway, Chengle Expressway and Chengren Expressway, Chengbei Exit Expressway, Suiguang Expressway, Suixi Expressway and Tianqiong Expressway under construction. As of 30 June 2022, the expressways mileage of the Group has reached approximately 744km in total, the length of Tianqiong expressways under construction were approximately 42km, the length of expansion of Chengle Expressway, including the 86.4km of the original Chengle Expressway, was approximately 136.1km. The Group's total asset and net asset were approximately RMB40,588,072,000 and RMB18,579,815,000 respectively.

INTERIM CONDENSED FINANCIAL INFORMATION

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		For the six months ended 30 June	
		2022	2021
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
REVENUE	4	4,085,534	4,022,892
Cost of sales		<u>(3,148,383)</u>	<u>(2,738,034)</u>
Gross profit		937,151	1,284,858
Other income and gains	4	116,936	92,112
Administrative expenses		(157,704)	(160,803)
Other expenses		(9,429)	(20,372)
Finance costs	5	(229,354)	(299,790)
Share of profits and losses of:			
Joint ventures		4,263	4,991
Associates		<u>12,370</u>	<u>10,141</u>
PROFIT BEFORE TAX	6	674,233	911,137
Income tax expense	7	<u>(146,613)</u>	<u>(179,477)</u>
PROFIT FOR THE PERIOD		<u>527,620</u>	<u>731,660</u>

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2022

	For the six months ended 30 June	
<i>Notes</i>	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Attributable to:		
Owners of the Company	485,663	673,714
Non-controlling interests	41,957	57,946
	527,620	731,660

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022	2021
<i>Notes</i>	RMB'000	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that will not to be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	(2,888)	12,997
Income tax effect	935	(1,609)
	<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	(1,953)	11,388
	<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	525,667	743,048
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INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2022

	For the six months ended 30 June	
<i>Notes</i>	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Attributable to:		
Owners of the Company	483,917	684,898
Non-controlling interests	41,750	58,150
	525,667	743,048

EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

– Basic and diluted	8	RMB0.159	RMB0.220
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INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

		30 June	31 December
		2022	2021
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	
NON-CURRENT ASSETS			
Property, plant and equipment	9	681,538	710,177
Right-of-use assets	9	341,794	366,747
Service concession arrangements	9	30,476,674	29,368,853
Investments in joint ventures	10	129,505	137,169
Investments in associates	11	300,228	305,001
Equity investments designated at fair value through other comprehensive income	12	446,167	449,055
Loans to customers	13	1,239,780	1,419,757
Long term compensation receivables		-	3,351
Payments in advance	14	586,534	550,980
Contract assets		31,000	31,000
Deferred tax assets		15,677	15,738
Restricted deposits	16	40	38
Goodwill	20	7,583	-
		<hr/>	<hr/>
Total non-current assets		34,256,520	33,357,866

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2022

		30 June 2022	31 December 2021
	<i>Notes</i>	RMB'000 (Unaudited)	<i>RMB'000</i>
CURRENT ASSETS			
Inventories		89,440	63,069
Loans to customers	13	1,270,225	1,382,359
Trade and other receivables	15	2,075,066	2,004,388
Financial assets at fair value through profit or loss		398	417
Restricted deposits	16	7,796	2,328
Cash and cash equivalents	16	2,888,627	3,837,070
 Total current assets		 6,331,552	 7,289,631

INTERIM CONDENSED
FINANCIAL INFORMATION (CONTINUED)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION (CONTINUED)

30 June 2022

		30 June	31 December
		2022	2021
	<i>Notes</i>	RMB'000	<i>RMB'000</i>
		(Unaudited)	
CURRENT LIABILITIES			
Tax payable		93,414	119,012
Trade and other payables	17	1,644,618	1,841,903
Dividend payables		120,222	–
Interest-bearing bank and other borrowings	18	2,349,753	1,469,173
Derivative financial instruments	19	1,327	2,548
		<u>4,209,334</u>	<u>3,432,636</u>
Total current liabilities			
		<u>4,209,334</u>	<u>3,432,636</u>
NET CURRENT ASSETS		<u>2,122,218</u>	<u>3,856,995</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>36,378,738</u>	<u>37,214,861</u>

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2022

		30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	18	17,564,792	18,513,140
Deferred tax liabilities		7,667	12,995
Deferred income	17	226,464	240,265
Total non-current liabilities		17,798,923	18,766,400
Net assets		18,579,815	18,448,461
EQUITY			
Equity attributable to owners of the Company			
Issued capital		3,058,060	3,058,060
Reserves		14,454,462	14,306,935
		17,512,522	17,364,995
Non-controlling interests		1,067,293	1,083,466
Total equity		18,579,815	18,448,461

Gan Yongyi
Director

Li Wenhui
Director

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company													
	Issued capital	Share premium account	Statutory surplus reserve	Difference arising from changes in non-controlling interests	Fair value reserve of financial assets at fair value through other comprehensive income	General risk reserve	Merger difference	Safety fund reserve	Capital reserve	Retained profits	Total	Non-controlling interests	Total equity	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	3,058,060	2,654,601	6,392,913	(254,570)	194,920	49,969	(533,123)	14,206	1,127,725	4,660,294	17,364,995	1,083,466	18,448,461	
Profit for the Period	-	-	-	-	-	-	-	-	-	485,663	485,663	41,957	527,620	
Other comprehensive loss for the Period:														
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	(1,746)	-	-	-	-	-	(1,746)	(207)	(1,953)	
Total comprehensive income for the Period	-	-	-	-	(1,746)	-	-	-	-	485,663	483,917	41,750	525,667	
Establishment for safety fund surplus reserve	-	-	-	-	-	-	-	2,723	-	(2,723)	-	-	-	
Utilisation of safety fund surplus reserve	-	-	-	-	-	-	-	(416)	-	416	-	-	-	
Capital injection by a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	-	1,125	1,125	
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(59,048)	(59,048)	
Final 2021 dividend declared	-	-	-	-	-	-	-	-	-	(336,390)	(336,390)	-	(336,390)	
At 30 June 2022 (unaudited)	3,058,060	2,654,601*	6,392,913*	(254,570)*	193,174*	49,969*	(533,123)*	16,513*	1,127,725*	4,807,260*	17,512,522	1,067,293	18,579,815	

* These reserve accounts comprise the consolidated reserves of RMB14,454,462,000 (31 December 2021: RMB14,306,935,000) in the interim condensed consolidated statement of financial position.

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2022

	Attributable to owners of the Company												
	Issued capital RMB'000	Share premium account RMB'000	Statutory surplus reserve RMB'000	Difference arising from changes in non- controlling interests RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	General risk reserve RMB'000	Merger difference RMB'000	Safety fund reserve RMB'000	Capital reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2021	3,058,060	2,654,601	5,801,216	(254,570)	12,624	5,228	(533,123)	11,422	991,856	3,787,720	15,535,034	998,647	16,533,681
Profit for the Period	-	-	-	-	-	-	-	-	-	673,714	673,714	57,946	731,660
Other comprehensive income for the Period:													
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	11,184	-	-	-	-	-	11,184	204	11,388
Total comprehensive income for the Period	-	-	-	-	11,184	-	-	-	-	673,714	684,898	58,150	743,048
Transfer from/(to) reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
Establishment for safety fund surplus reserve	-	-	-	-	-	-	2,638	-	(2,638)	-	-	-	-
General risk reserve	-	-	-	-	-	45,558	-	-	(45,558)	-	-	-	-
Utilisation of safety fund surplus reserve	-	-	-	-	-	-	-	(482)	-	482	-	-	-
Capital injection by a non- controlling shareholder	-	-	-	-	-	-	-	-	-	-	3,004	3,004	-
Deemed disposal of investment in a joint venture	-	-	-	-	-	-	-	(285)	-	(285)	-	(285)	-
Dividends declared to non- controlling shareholders	-	-	-	-	-	-	-	-	-	-	(31,620)	(31,620)	-
Final 2020 dividend declared	-	-	-	-	-	-	-	-	(244,645)	(244,645)	-	(244,645)	-
At 30 June 2021 (unaudited)	3,058,060	2,654,601*	5,801,216*	(254,570)*	23,808*	50,786*	(533,123)*	13,578*	991,571*	4,169,075*	15,975,002	1,028,181	17,003,183

* These reserve accounts comprise the consolidated reserves of RMB12,916,942,000 (31 December 2020: RMB12,476,974,000) in the interim condensed consolidated statement of financial position.

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

		For the six months ended 30 June	
		2022	2021
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		674,233	911,137
Adjustments for:			
Finance costs	5	229,354	299,790
Share of profits and losses of joint ventures and associates		(16,633)	(15,132)
Fair value change on financial assets at fair value through profit or loss	4	19	33
Fair value change on derivative financial instruments	4	(1,221)	–
Depreciation of property, plant and equipment	6	50,119	45,597
Depreciation of right-of-use assets	6	33,204	31,204
Amortisation of service concession arrangements	6	408,327	401,363

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2022

		For the six months ended 30 June	
		2022	2021
	<i>Notes</i>	RMB'000	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Foreign exchange loss, net		4,580	–
Losses/(gains) on disposal and write-off of items of property, plant and equipment	6	1,216	(1,352)
Interest income	4	(74,023)	(54,387)
Gain on disposal of financial assets at fair value through profit or loss	4	(22)	(198)
Dividend income from equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss		(7,143)	(1,330)
Fair value gain on a previously held equity interest in a joint venture at the date of business combination	4	(3,641)	–
		1,298,369	1,616,725

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022	2021
Notes	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Additions to service concession arrangements	(1,364,575)	(932,307)
Additions to properties under development	-	(126,565)
Decrease in completed properties held for sale	-	263,861
Decrease/(increase) in restricted deposits	(5,470)	6,227
Decrease/(increase) in loans to customers	292,111	(474,051)
Decrease in contract assets and contract costs	-	6,187
Increase in payments in advance	(35,554)	-
Decrease/(increase) in trade and other receivables	(49,901)	238,131
Increase in inventories	(26,371)	(9,406)
Decrease in deferred income	(14,071)	(18,946)

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2022

	For the six months ended 30 June	
<i>Notes</i>	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Decrease in contract liabilities	–	(261,892)
Decrease in trade and other payables	(192,930)	<u>(731,817)</u>
Cash used in operations	(98,392)	(423,853)
Interest received	42,952	29,153
Interest paid	(3,709)	(5,107)
Income tax paid	(176,543)	<u>(216,932)</u>
Net cash flows used in operating activities	(235,692)	<u>(616,739)</u>

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2022

		For the six months ended 30 June	
		2022	2021
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	9	(23,524)	(5,913)
Investment in financial assets at fair value through profit or loss		-	(182)
Proceeds from disposal of financial assets at fair value through profit or loss		8,209	379
Proceeds from disposal of items of property, plant and equipment		878	2,568
Acquisition of a subsidiary	20	(3,554)	-
Interest received		29,186	22,614
Dividends received from associates		-	16,484
Dividends received from a joint venture		5,567	2,701

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2022

		For the six months ended 30 June	
		2022	2021
<i>Notes</i>		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
	Dividends received from equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss	7,143	1,330
	Receipt of government grants related to assets	340	–
	Decrease in pledged deposits	–	15,000
	Increase in time deposits	(120,000)	–
		<hr/>	<hr/>
	Net cash flows from/(used in) investing activities	(95,755)	54,981
		<hr/>	<hr/>

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022	2021
<i>Notes</i>	RMB'000	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(380,867)	(383,195)
Proceeds from bank loans	690,450	2,837,660
Repayment of bank loans	(749,228)	(1,779,957)
Proceeds from short term commercial paper	-	400,000
Proceeds from medium term notes	-	1,000,000
Repayment of medium term notes	-	(1,000,000)
Proceeds from other loans	52,500	33,024
Repayment of other loans	(49,898)	(41,824)
Principle portion lease payments	(25,865)	(28,099)
Capital injection by a non- controlling shareholder	1,125	3,004
Dividends paid to owners of the Company	(113,951)	(244,645)
Dividends paid to non-controlling shareholders	(161,265)	(12,887)
Net cash flows from/(used in) financing activities	(736,999)	783,081

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2022

		For the six months ended 30 June	
		2022	2021
	<i>Notes</i>	RMB'000	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(1,068,446)	221,323
Cash and cash equivalents at beginning of period		3,837,070	3,180,340
Effect of foreign exchange rate changes, net		3	-
		<hr/> 2,768,627	<hr/> 3,401,663
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<hr/> 2,768,627	<hr/> 3,401,663
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		2,768,627	3,401,663
Non-pledged time deposits		120,000	-
		<hr/> 2,888,627	<hr/> -
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	16	<hr/> 2,888,627	<hr/> 3,401,663

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

1. CORPORATE INFORMATION

Sichuan Expressway Company Limited (the “Company”) is a limited liability company established in the People’s Republic of China (the “PRC”). The registered office of the Company is located at 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC.

During the six months ended 30 June 2022 (the “Period”), the Company and its subsidiaries (the “Group”) was involved in the following principal activities:

- investment holding;
- management and operation of expressways and a high-grade toll bridge;
- construction, operation of gas stations along expressways; and
- finance lease business.

In the opinion of the Directors, Shudao Investment Group Company Limited (“Shudao Investment”) is the parent and the ultimate holding company of the Company, which is established in the PRC.

2.1 BASIS OF PREPARATION

The interim condensed financial information for the Period has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting. The interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41</i>

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 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 June 2018 without significantly changing its requirements. The amendments also add to HKFRS 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 HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 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 has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the Period, the amendments did not have any impact on the financial position and performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and impact of the revised HKFRSs are described below:
(continued)

- (b) Amendments to HKAS 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 Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and impact of the revised HKFRSs are described below:
(continued)

- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 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 Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and impact of the revised HKFRSs are described below:
(continued)

- (d) *Annual Improvements to HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
- HKFRS 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. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
 - HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

3. OPERATING SEGMENT INFORMATION

For the six months ended 30 June 2022

	Toll roads and bridges <i>RMB'000</i> (Unaudited)	City operation <i>RMB'000</i> (Unaudited)	Financial investment <i>RMB'000</i> (Unaudited)	Energy investment <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
SEGMENT REVENUE <i>(note 4)</i>	1,592,973	1,441,119	91,273	960,169	-	4,085,534
SEGMENT RESULTS	613,998	32,475	48,858	72,409	(584)	767,156
<i>Reconciliation:</i>						
Unallocated income and gains						46,656
Corporate and other unallocated expenses						<u>(139,579)</u>
Profit before tax						<u><u>674,233</u></u>

For the six months ended 30 June 2021

	Toll roads and bridges <i>RMB'000</i> (Unaudited)	City operation <i>RMB'000</i> (Unaudited)	Financial investment <i>RMB'000</i> (Unaudited)	Energy investment <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
SEGMENT REVENUE <i>(note 4)</i>	1,795,488	1,375,798	99,916	751,690	-	4,022,892
SEGMENT RESULTS	769,519	79,150	49,272	96,676	(14)	994,603
<i>Reconciliation:</i>						
Unallocated income and gains						60,339
Corporate and other unallocated expenses						<u>(143,805)</u>
Profit before tax						<u><u>911,137</u></u>

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

3. OPERATING SEGMENT INFORMATION (CONTINUED)

30 June 2022

	Toll roads and bridges <i>RMB '000</i> (Unaudited)	City operation <i>RMB '000</i> (Unaudited)	Financial investment <i>RMB '000</i> (Unaudited)	Energy investment <i>RMB '000</i> (Unaudited)	Others <i>RMB '000</i> (Unaudited)	Total <i>RMB '000</i> (Unaudited)
SEGMENT ASSETS	32,121,634	1,999,703	2,792,183	306,942	1,322	37,221,784
<i>Reconciliation:</i>						
Equity investments designated at fair value through other comprehensive income						446,167
Goodwill						7,583
Deferred tax assets						15,677
Financial assets at fair value through profit or loss						398
Restricted deposits						7,836
Cash and cash equivalents						2,888,627
Total assets						40,588,072
SEGMENT LIABILITIES	18,498,657	1,331,176	1,988,197	66,504	2,174	21,886,708
<i>Reconciliation:</i>						
Financial liabilities at fair value through profit or loss						1,327
Dividend payables						120,222
Total liabilities						22,008,257
OTHER SEGMENT INFORMATION						
Share of profits and losses of associates	5,361	609	6,400	-	-	12,370
Share of profits and losses of joint ventures	4,263	-	-	-	-	4,263
Interest expenses	209,870	19,134	46	304	-	229,354
Depreciation and amortisation	474,313	7,779	1,620	7,918	20	491,650
Investments in associates	64,002	73,913	162,313	-	-	300,228
Investments in joint ventures	129,505	-	-	-	-	129,505
Capital expenditure*	1,530,052	7,117	-	2,494	9	1,539,672

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

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

3. OPERATING SEGMENT INFORMATION (CONTINUED)

31 December 2021

	Toll roads and bridges RMB'000	City operation RMB'000	Financial investment RMB'000	Energy investment RMB'000	Others RMB'000	Total RMB'000
SEGMENT ASSETS	31,002,736	2,012,060	3,093,542	232,549	1,964	36,342,851
<i>Reconciliation:</i>						
Equity investments designated at fair value through other comprehensive income						449,055
Financial assets at fair value through profit or loss						417
Deferred tax assets						15,738
Restricted deposits						2,366
Cash and cash equivalents						3,837,070
Total assets						<u>40,647,497</u>
SEGMENT LIABILITIES	19,348,857	1,357,812	1,425,985	62,234	1,600	22,196,488
<i>Reconciliation:</i>						
Financial liabilities at fair value through profit or loss						2,548
Total liabilities						<u>22,199,036</u>
OTHER SEGMENT INFORMATION						
Share of profits and losses of associates	17,143	1,219	8,413	-	-	26,775
Share of profits and losses of joint ventures	11,573	-	2,055	-	-	13,628
Interest expenses	503,665	79,074	211	547	68	583,565
Depreciation and amortisation	925,492	12,511	1,724	16,884	967	957,578
Investments in associates	75,784	73,304	155,913	-	-	305,001
Investments in joint ventures	133,060	-	4,109	-	-	137,169
Capital expenditure*	<u>2,730,651</u>	<u>13,303</u>	<u>67</u>	<u>21,287</u>	<u>10</u>	<u>2,765,318</u>

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

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>	3,989,898	3,915,332
<i>Revenue from other sources</i>		
Finance lease	91,189	99,315
Commercial factoring	84	601
Gross rental income from operating leases:		
– other lease payments, including fixed payments	4,363	7,644
	95,636	107,560
	4,085,534	4,022,892

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

For the six months ended 30 June 2022

Segments	Toll roads and bridges <i>RMB'000</i> (Unaudited)	City operation <i>RMB'000</i> (Unaudited)	Energy investment <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Types of goods or services				
Toll income	1,592,973	-	-	1,592,973
Construction services	-	1,381,960	-	1,381,960
Sale of industrial products	-	23,647	960,169	983,816
Others	-	31,149	-	31,149
Total revenue from contracts with customers	<u>1,592,973</u>	<u>1,436,756</u>	<u>960,169</u>	<u>3,989,898</u>
Geographical market				
Revenues under HKFRS 15 are all generated in Mainland China.				
Timing of revenue recognition				
Goods transferred at a point in time	1,592,973	54,796	960,169	2,607,938
Services transferred over time	-	1,381,960	-	1,381,960
Total revenue from contracts with customers	<u>1,592,973</u>	<u>1,436,756</u>	<u>960,169</u>	<u>3,989,898</u>

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

For the six months ended 30 June 2021

Segments	Toll roads and bridges <i>RMB'000</i> (Unaudited)	City operation <i>RMB'000</i> (Unaudited)	Energy investment <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> Unaudited)
Types of goods or services				
Toll income	1,795,488	-	-	1,795,488
Construction services	-	933,147	-	933,147
Sale of industrial products	-	35,363	751,690	787,053
Property development*	-	370,258	-	370,258
Others	-	29,386	-	29,386
Total revenue from contracts with customers	<u>1,795,488</u>	<u>1,368,154</u>	<u>751,690</u>	<u>3,915,332</u>

* On 8 December 2021, the Group disposed of the 91% equity interests in Renshou Trading Landmark Company Limited ("Renshou Landmark") to Sichuan Trading Landmark Co., Ltd, a fellow subsidiary under common control of Shudao Investment. Renshou Landmark was primarily engaged in property development.

Geographical market

Revenues under HKFRS 15 are all generated in Mainland China.

Timing of revenue recognition

Goods transferred at a point in time	1,795,488	435,007	751,690	2,982,185
Services transferred over time	-	933,147	-	933,147
Total revenue from contracts with customers	<u>1,795,488</u>	<u>1,368,154</u>	<u>751,690</u>	<u>3,915,332</u>

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income and gains		
Interest income from bank deposits	29,186	22,614
Interest income from discounting long-term compensation receivables	1,885	3,153
Interest income from financial assets arising from construction contracts	42,952	28,620
Government grants*	14,071	19,791
Road damage compensation income	13,435	7,133
Dividend income from equity investments designated at fair value through other comprehensive income	7,130	1,330
Dividend income from financial assets at fair value through profit or loss	13	–
Fair value changes on financial assets at fair value through profit or loss	(19)	(33)
Fair value gains on derivative financial instruments	1,221	–
Gain on disposal of financial assets at fair value through profit or loss	22	198
Gain on disposal of fixed assets	–	1,352
Fair value gain on a previously held equity interest in a joint venture at the date of business combination (note 10)	3,641	–
Miscellaneous	3,399	7,954
Total other income and gains	116,936	92,112

* There were no unfulfilled conditions or contingencies relating to these grants.

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

5. FINANCE COSTS

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank and other loans	400,362	392,152
Interest on short term commercial papers	–	3,288
Interest on medium term notes	26,438	28,405
Interest on lease liabilities	3,709	5,107
	430,509	428,952
Less:		
Interest capitalised in respect of:		
– Service concession arrangements (note 9(d))	(151,573)	(82,260)
– Properties under development	–	(723)
Interest recorded under cost of sales	(49,582)	(46,179)
	229,354	299,790
Interest rate of borrowing costs capitalised	3.15%–6.30%	3.92%–6.80%

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

6. PROFIT BEFORE TAX

		For the six months ended 30 June	
		2022	2021
	<i>Notes</i>	RMB'000	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Construction costs in respect of:			
– Service concession arrangements*		1,364,575	932,307
– Construction works performed for third parties*		16,419	351
Cost of sales		877,609	630,850
Cost of properties sold		–	281,223
Cost of finance lease operation		49,582	46,179
Depreciation of property, plant and equipment	9	50,119	45,597
Amortisation of service concession arrangements	9	408,327	401,363
Depreciation of right-of-use assets	9	33,204	31,204
Employee benefit expenses		407,157	386,388
Repairs and maintenance		43,985	42,527
Exchange loss		4,681	–
Auditor's remuneration		940	460
Lease payments not included in the measurement of lease liabilities		2,783	1,481
Loss/(gain) on disposal of items of property, plant and equipment		1,216	(1,352)
		1,216	(1,352)

* During the Period, employee costs of RMB24,862,000 (six months ended 30 June 2021: RMB19,816,000) and depreciation and amortisation charges of RMB1,297,000 (six months ended 30 June 2021: RMB1,207,000) were included in the construction costs.

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

7. INCOME TAX

The major components of income tax expense are as follows:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charged for the period	146,822	182,861
Underprovision/(overprovision) in prior years	4,123	(1,559)
Deferred	(4,332)	(1,825)
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Total tax charge for the Period	146,613	179,477
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

No Hong Kong profits tax has been provided as no assessable profits were earned in or derived from Hong Kong during the Period.

Except for the companies mentioned below that are entitled to a preferential tax rate, the subsidiaries, associates and joint ventures of the Company are required to pay corporate income tax at the standard tax rate of 25%.

7. INCOME TAX (CONTINUED)

Pursuant to the Circular on Issues Announcement on the Continuation of Cai Shui [2011] No. 58 for Western Development Strategies of the State Administration of Taxation, the Ministry of Finance and National Development and Reform Commission (“Circular [2020] No. 23”), the tax preferential treatments for the Western Region Development are valid until 2030. According to the Circular [2020] No. 23, “from 1 January 2021 to 31 December 2030, corporate income tax may be levied at a reduced tax rate of 15% for enterprises established in the western region and engaged in encouraged industries prescribed in the Catalogue if the income which is within the Catalogue accounts for more than 60% of the total income of such enterprises.”

For entities within the scope of the transportation industry and located in Sichuan Province, i.e., the Company, Chengle Expressway Company Limited (“Chengle Expressway”), Chengdu Chengbei Exit Expressway Company Limited, Sichuan Shuxia Industrial Company Limited and Chengdu Airport Expressway Company Limited (“Chengdu Airport Expressway”), an associate of the Company, are entitled to a preferential tax rate of 15%.

The share of tax attributable to joint ventures and associates amounting to RMB4,703,000 (six months ended 30 June 2021: RMB3,504,000) is included in “Share of profits and losses of joint ventures and associates” on the face of the interim condensed consolidated statement of profit or loss and other comprehensive income.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the Period attributable to equity holders of the Company, and the weighted average number of ordinary shares of 3,058,060,000 (six months ended 30 June 2021: 3,058,060,000) in issue during the Period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2022 and 2021 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the Period.

INTERIM CONDENSED
FINANCIAL INFORMATION (CONTINUED)

9. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND SERVICE CONCESSION ARRANGEMENTS

Movements in property, plant and equipment, right-of-use assets and service concession arrangements during the Period were as follows:

	Property, plant and equipment	Right-of-use assets	Service concession arrangements
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amounts at opening of the Period	710,177	366,747	29,368,853
Additions	23,524	11,004	1,516,148
Disposals/termination	(2,094)	(2,753)	–
Acquisition of a subsidiary (note 20)	50	–	–
<i>Depreciation/amortisation charged for the Period (note 6)</i>	<u>(50,119)</u>	<u>(33,204)</u>	<u>(408,327)</u>
Carrying amounts at end of the Period (Unaudited)	<u><u>681,538</u></u>	<u><u>341,794</u></u>	<u><u>30,476,674</u></u>

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

9. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

Notes:

- (a) At 30 June 2022 and 31 December 2021, the concession rights pertaining to certain expressways with net carrying amounts listed below were pledged to secure bank loans granted to the Group (note 18 (a)):

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000
Chengle Expressway	8,842,250	7,911,826
Chengren Expressway	6,197,187	6,290,814
Suiguang Expressway and Suixi Expressway	11,220,236	11,312,363
Tianqiong Expressway	1,864,633	1,319,033
	<u>28,124,306</u>	<u>26,834,036</u>

- (b) During the Period, the Group was undertaking the Chengle Expressway Expansion Construction Project, Tianqiong Expressway Build-Operate-Transfer ("BOT") Project and Chengya Oil Company Meishan Gas Station Construction Project. Total cost of RMB1,516,148,000 (six months ended 30 June 2021: RMB1,014,567,000), including construction costs of RMB1,364,575,000 and borrowing costs of RMB151,573,000 were incurred, among which RMB1,364,575,000 (six months ended 30 June 2021: RMB932,307,000) was sub-contracted to third party subcontractors.

9. PROPERTY, PLANT AND EQUIPMENT, RIGHT- OF-USE ASSETS AND SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

Notes: (continued)

- (c) Construction revenue of RMB1,364,575,000 (six months ended 30 June 2021: RMB932,307,000) was recognised in respect of the construction services provided by the Group for the Chengde Expressway Expansion Construction Project, Tianqiong Expressways BOT Project and Chengya Oil Company Meishan Gas Station Construction Project by using the input method during the Period. Construction revenue was included in the additions to service concession arrangements which should be amortised upon the Group is granted the rights to charge the users under the service concession arrangements of the abovementioned projects.
- (d) Additions to service concession arrangements during the Period include interest capitalised in respect of bank loans amounting to RMB151,573,000 (six months ended 30 June 2021: RMB82,260,000) (note 5).

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

10. INVESTMENTS IN JOINT VENTURES

	30 June 2022	31 December 2021
	RMB'000	<i>RMB'000</i>
	(Unaudited)	
Share of net assets	129,505	137,169

Particulars of the Group's joint ventures, which were established and operate in Mainland China, are as follows:

Name	Percentage of ownership interest attributable to the Group	Principal activities
Sichuan Chengyu Development Equity Investment Fund Center	49.84% (direct 49.18%, indirect 0.66%)	Asset management
Sichuan Communications Network Technology Company Limited ("Sichuan Communication")	49% (direct)	Technology service

10. INVESTMENTS IN JOINT VENTURES (CONTINUED)

On 25 January 2022, the Group acquired additional 50% equity interest in Sichuan Chengyu Private Equity Fund Management Co., Ltd. (“Chengyu Private Equity Fund”, formerly known as “Chengdu Chengyujianxin Equity Investment Fund Management Company Limited”). Upon the completion of the acquisition, the Group’s equity interest in Chengyu Private Equity Fund increased to 100%, and Chengyu Private Equity Fund became a subsidiary of the Company from a joint venture as previously accounted. The Group remeasured its previously held equity interest in Chengyu Private Equity Fund at fair value on 25 January 2022 and recognised the related gain of RMB3,641,000 in profit or loss for the Period.

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

11. INVESTMENTS IN ASSOCIATES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000
Share of net assets	309,391	314,164
Provision for impairment	(9,163)	(9,163)
	<u>300,228</u>	<u>305,001</u>

Particulars of the Group's major associates, which were established and operate in Mainland China, are as follows:

Name	Percentage of ownership interest attributable to the Group	Principal activities
Chengdu Airport Expressway	25%	Operation of Chengdu Airport Expressway
Sichuan Renshou Rural Commercial Bank Company Limited	7.474%	Banking operations
Sichuan Zhongxin Assets Management Company Limited	40%	Asset management

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

11. INVESTMENTS IN ASSOCIATES (CONTINUED)

The Group's shareholdings in Chengdu Airport Expressway are held by the Company. The Group's shareholdings in other associates are held by the subsidiaries of the Company.

The Group's investments in associates are accounted for using the equity method.

12. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000
Listed equity investments, at fair value	81,167	89,526
Unlisted equity investments, at fair value	365,000	359,529
	446,167	449,055

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

13. LOANS TO CUSTOMERS

The Group's loans to customers, represent net investments in fixed assets leased to third party customers under finance lease contracts. The contracts run for periods of one to six years, with options for acquiring by the respective lessee the leased assets at nominal values at the end of the lease period. The total minimum lease receivables and their present values at the end of the reporting period are as follows:

30 June 2022

	Net lease receivables <i>RMB'000</i> (Unaudited)	Unearned finance income <i>RMB'000</i> (Unaudited)	Total gross lease receivables <i>RMB'000</i> (Unaudited)
Amounts receivable:			
– Within one year	1,272,032	113,352	1,385,384
– In the second year	892,572	45,047	937,619
– In the third to fifth years, inclusive	397,760	15,769	413,529
Total	2,562,364	174,168	2,736,532
Less: Allowances for impairment losses	(52,359)		
Amounts receivable, net	2,510,005		
Portion classified as current assets	(1,270,225)		
Non-current portion	1,239,780		

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

13. LOANS TO CUSTOMERS (CONTINUED)

31 December 2021

	Net lease receivables <i>RMB'000</i>	Unearned finance income <i>RMB'000</i>	Total gross lease receivables <i>RMB'000</i>
Amounts receivable:			
– Within one year	1,456,077	128,539	1,584,616
– In the second year	890,531	57,947	948,478
– In the third to fifth years, inclusive	<u>507,867</u>	<u>21,946</u>	<u>529,813</u>
Total	<u><u>2,854,475</u></u>	<u><u>208,432</u></u>	<u><u>3,062,907</u></u>
Less: Allowances for impairment losses	<u>(52,359)</u>		
Amounts receivable, net	<u><u>2,802,116</u></u>		
Portion classified as current assets	<u>(1,382,359)</u>		
Non-current portion	<u><u>1,419,757</u></u>		

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

13. LOANS TO CUSTOMERS (CONTINUED)

The movement in the allowance for impairment losses is as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000
At beginning of period/year	52,359	–
Impairment losses	<u>–</u>	<u>52,359</u>
At end of period/year	<u>52,359</u>	<u>52,359</u>

The Group has applied the general approach to providing for ECLs prescribed by HKFRS 9, which permits the use of either a twelve-month basis or a lifetime basis to record expected credit losses based on an expected credit loss model for interest-earning assets.

The Group has conducted an assessment of ECLs according to forward-looking information and used appropriate models and a large number of assumptions in its expected measurement of credit losses. These models and assumptions relate to the future macroeconomic conditions and borrower's creditworthiness (e.g., the likelihood of default by customers and the corresponding losses). The Group has adopted judgement, assumptions and estimation techniques in order to measure ECLs according to the requirements of accounting standards such as criteria for judging significant increases in credit risk, definition of credit-impaired financial assets, parameters for measuring ECLs and forward-looking information.

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

13. LOANS TO CUSTOMERS (CONTINUED)

At 30 June 2022, the Group has pledged lease receivables of RMB1,635,254,000 (31 December 2021: RMB1,864,177,000) to secure bank and other borrowings (note 18 (a)) granted to the Group. The loans to customers were secured by the collateral provided by the lessees including specific equipment or assets.

Note:

Amounts due from related parties, which are repayable on terms similar to those offered to independent customers of the Group, included in loans to customers as at the end of the reporting period are as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000
A joint venture of the Group	68,866	110,052
Fellow subsidiaries under common control of Shudao Investment	<u>—</u>	<u>203,467</u>
	<u>68,866</u>	<u>313,519</u>

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

14. PAYMENTS IN ADVANCE

		30 June 2022	31 December 2021
	<i>Notes</i>	RMB'000 (Unaudited)	<i>RMB'000</i>
<i>In respect of :</i>			
Sandstones	(a)	165,861	182,985
Construction	(b)	420,673	367,995
		586,534	550,980

- (a) Pursuant to contracts governing the construction of Lushan County Tourist Road Construction Project, trade receivables arising from the construction service have been accounted as payments in advance of sandstones arranged by the local government authorities, for a period over one year.
- (b) Pursuant to contracts governing the relevant construction projects, prepayments were made by the Group to ensure the continuous construction of Chengle Expressway Expansion Construction Project and Tianqiong Expressway BOT Project.

Included in prepayments in advance in respect of construction, prepayments amounting to RMB145,917,000 and RMB187,968,000 were made to fellow subsidiaries under common control of Shudao Investment and Road and Bridge International CO., LTD. ("Road and Bridge"), a non-controlling shareholder of a subsidiary within the Group, respectively, for Chengle Expressway Expansion Construction Project and Tianqiong Expressway BOT Project.

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

15. TRADE AND OTHER RECEIVABLES

		30 June	31 December
		2022	2021
	<i>Notes</i>	RMB'000	<i>RMB'000</i>
		(Unaudited)	
Trade receivables			
Trade receivables		1,671,016	1,726,499
Impairment		(51,246)	(51,246)
Trade receivables, net	(a)	1,619,770	1,675,253
Other receivables			
Deposits and other receivables	(b)	379,926	375,812
Impairment		(97,103)	(97,103)
Prepayments		282,823	278,709
		172,473	50,426
Other receivables, net		455,296	329,135
Total trade and other receivables		2,075,066	2,004,388

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

- (a) The Group's trading terms of trade receivables arising from sales of industrial products with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers.

The term of commercial factoring contracts ranged from four months to one year since the effective date of the relevant factoring contracts. The Group's credit terms of trade receivables arising from commercial factoring are generally on 30-day basis.

The Group's trade receivables which arose from construction contracts are settled in accordance with the terms specified in the contracts governing the relevant construction works. The Group does not have a standardised and universal credit period granted to its construction contract customers. The credit period of an individual construction contract customers is considered on a case-by-case basis and is set out in the construction contracts, as appropriate.

According to the contracts governing the relevant construction works, trade receivables of RMB1,046,134,000 as at 30 June 2022 (31 December 2021: RMB1,097,114,000) bore interest at rates ranging from 4.75% to 14.98% (2021: 4.75% to 14.98%) per annum. The remaining trade receivables are non-interest-bearing.

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(a) (continued)

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date or billing date and net of loss allowance, is as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000
Within 3 months	912,247	928,478
3 to 6 months	5,683	51
6 to 12 months	9,843	1,459
Over 1 year	691,997	745,265
	1,619,770	1,675,253

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

- (b) The Group's deposits and other receivables as at the end of the reporting period are analysed as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000
Up-front payment of construction contracts	30,170	25,119
Interest receivables on temporary advances and construction revenue	2,452	5,505
Long term compensation receivables to be received within one year	3,351	11,002
Toll income receivables	65,952	100,398
Deductible input value added tax	57,185	82,871
Deposits	8,890	7,495
Dividend receivables from associates	17,143	–
Miscellaneous	194,783	143,422
	379,926	375,812
Impairment allowance	(97,103)	(97,103)
	282,823	278,709

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

- (c) Amounts due from related parties, which are repayable on credit terms similar to those offered to the independent major customers of the Group, included in trade and other receivables as at the end of the reporting period, are as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000
Fellow subsidiaries under common control of Shudao Investment:		
– Other receivables	66,592	103,193
– Prepayments	22,198	7,172
– Trade receivables	881	3,917
	89,671	114,282

INTERIM CONDENSED
FINANCIAL INFORMATION (CONTINUED)

16. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000
Cash and bank balances	2,776,463	3,839,436
Time deposits	120,000	–
	2,896,463	3,839,436
Less: restricted deposits	7,836	2,366
Cash and cash equivalents	2,888,627	3,837,070

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

17. TRADE AND OTHER PAYABLES

		30 June 2022	31 December 2021
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	
Trade payables	(a)	28,990	34,684
Other payables	(b)	1,538,724	1,725,297
Accruals	(c)	48,211	53,299
Deferred income		255,157	268,888
		1,871,082	2,082,168
Non-current portion		(226,464)	(240,265)
Portion classified as current liabilities		1,644,618	1,841,903

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

17. TRADE AND OTHER PAYABLES (CONTINUED)

Notes:

- (a) An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	
Within 3 months	18,372	12,613
3 to 6 months	6,240	13,246
6 to 12 months	142	338
Over 1 year	4,236	8,487
	28,990	34,684
	28,990	34,684

The trade payables are non-interest-bearing and are normally settled within one to twelve months.

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

17. TRADE AND OTHER PAYABLES (CONTINUED)

Notes: (continued)

- (b) Other payables at the end of the reporting period mainly included the following balances:

		30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000
	<i>Note</i>		
Advances		36,240	39,411
Inter-network toll collection	(i)	41,947	43,547
Payroll and welfare payable		196,608	230,739
Taxes and surcharge payables		17,769	32,066
Progress billing payables		682,967	787,163
Retention payables		154,990	168,164
Deposits		172,930	177,546
Others		235,273	246,661
		<u>1,538,724</u>	<u>1,725,297</u>

- (i) The balance represented the expressway tolls pending for allocation to other expressway operators.

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

17. TRADE AND OTHER PAYABLES (CONTINUED)

Notes: (continued)

- (c) The balance as at 30 June 2022 consisted of interest accrued in respect of medium term notes of RMB21,783,000 (31 December 2021: RMB13,306,000) and interest-bearing bank and other borrowings of RMB26,428,000 (31 December 2021: RMB39,993,000).
- (d) Amounts due to related parties included in trade and other payables as at the end of the reporting period, which are on credit terms similar to those offered by the fellow subsidiaries to their major customers, are as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000
Fellow subsidiaries under common control of Shudao Investment:		
– Advances	4,524	16,379
– Trade payables	1,153	1,147
– Other payables	506,213	569,446
	511,890	586,972

Except for the performance guarantee deposits and retention payables which have a longer term of approximately two years, other payables are non-interest-bearing and have an average term of three months.

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

18. INTEREST-BEARING BANK AND OTHER BORROWINGS

		30 June 2022	31 December 2021
	<i>Notes</i>	RMB'000	<i>RMB'000</i>
		(Unaudited)	
Bank loans:			
Secured	(a)	15,281,765	15,301,870
Unsecured		3,136,000	3,170,000
Medium term notes	(b)	1,290,000	1,290,000
Other borrowings:			
Secured		76,694	72,653
Lease liabilities		130,086	147,790
		19,914,545	19,982,313
Portion classified as current liabilities		(2,349,753)	(1,469,173)
Non-current portion		17,564,792	18,513,140

At the end of the reporting period, except for a bank loan of RMB78,030,000 denominated in US\$, all other interest-bearing bank and other borrowings of the Group were denominated in RMB.

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

18. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

Notes:

(a) Interest-bearing bank loans were secured by:

		30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000
	<i>Notes</i>	<i>(Bank loans amount)</i>	
Secured by concession rights of:	9(a)		
Chengle Expressway		4,645,230	4,385,230
Chengren Expressway		1,746,348	1,828,353
Suiguang Expressway and Suixi Expressway		7,010,000	7,210,000
Tianqiong Expressway		957,000	667,000
		14,358,578	14,090,583
Secured by loans to customers	13	923,187	1,211,287
		15,281,765	15,301,870

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

18. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

Notes: (continued)

- (b) As at 30 June 2022, the Company had two (31 December 2021: two) tranches of outstanding medium term notes totalling RMB1,290,000,000 (31 December 2021: RMB1,290,000,000) issued to domestic institutional investors participating in the PRC interbank debt market. The interest rates for the medium term notes ranged from 3.49% to 6.30% (31 December 2021: 3.49% to 6.30%) per annum. The medium term notes were all issued at a par value of RMB100 per unit, and will be repaid between July 2024 and May 2026, with an original maturity period of ten years and five years, respectively.

19. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000
Swaps at fair value:		
Foreign exchange swap	<u><u>1,327</u></u>	<u><u>2,548</u></u>

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial instruments are not held for trading purposes and represent fair value losses on foreign exchange swap as at 30 June 2022.

The Group uses foreign exchange swap to manage its currency risks. On 27 August 2021, the Group entered into foreign exchange swap with a bank, covering a period from 1 December 2021 to 19 July 2024. The currency swap contract entitles the Group to exchange RMB for US\$ at fixed exchange rate on an aggregate principal of US\$12,000,000. As at 30 June 2022, the notional principals of US\$3,000,000 have been settled.

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

20. BUSINESS COMBINATION

On 25 January 2022, the Group acquired additional 50% equity interest in Chengyu Private Equity Fund for a consideration of RMB10,001,000, of which RMB4,001,000 was paid in the Period and RMB6,000,000 was paid in 2021, respectively. Upon the completion of the acquisition, the Group's equity interest in Chengyu Private Equity Fund increased to 100% and Chengyu Private Equity Fund became a subsidiary of the Company from a joint venture as previously accounted.

The following table summarises the consideration paid for the acquisition and the fair values of the identifiable assets acquired and liabilities assumed at the acquisition date:

	Total RMB'000
Property, plant and equipment (<i>note 9</i>)	50
Trade and other receivables	4,398
Cash and cash equivalents	447
Financial assets at fair value through profit or loss	8,187
Other payables and accruals	(663)
	<hr/>
Total identifiable net assets at fair value	12,419
	<hr/>
Goodwill on acquisition	7,583
	<hr/>
Total purchase price is comprised of:	
Purchase consideration satisfied by Cash*	10,001
Fair value of previously held equity interest	10,001
	<hr/>
	20,002
	<hr/> <hr/>

* RMB4,001,000 was paid in the Period and RMB6,000,000 was paid in 2021, respectively.

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

20. BUSINESS COMBINATION (CONTINUED)

An analysis of the cash flows in respect of the acquisition of the above subsidiaries is as follows:

	<i>RMB'000</i>
Cash and cash equivalents acquired	447
Net outflow of cash and cash equivalents	
Included in cash flows from investing activities	3,554

Had the combination taken place at the beginning of the year, the contribution from Chengyu Private Equity Fund to the consolidated revenue and profit for the six months ended 30 June 2022 were minimal.

21. DIVIDENDS

At a meeting of the board of directors held on 25 August 2022, the Directors of the Company resolved not to pay an interim dividend to shareholders (six months ended 30 June 2021: nil).

The proposed final dividend of RMB0.110 per ordinary share for the year ended 31 December 2021 (2020: RMB0.080) was declared during the Period and fully paid as of 14 July 2022.

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

22. COMMITMENTS

The Group had the following commitments at the end of the reporting period:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000
Contracted, but not provided for:		
Construction	976,882	886,352
Service concession arrangements	8,254,965	8,967,480
	<u>9,231,847</u>	<u>9,853,832</u>

23. RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties during the Period:

- (a) During the Period, the aggregate service fee payable to Sichuan Zhineng Transportation System Management Company Limited, a fellow subsidiary under common control of Shudao Investment, in relation to the provision of a computer system of the highway toll fee collection networks and the supportive technological services to the Group amounted to RMB6,484,000 (six months ended 30 June 2021: RMB7,373,000). The fee was determined based on a service charge of 0.4% of toll income or RMB35,000,000 per annum, whichever is lower.
- (b) During the Period, there was no office building of the Company leased out to Shudao Investment (six months ended 30 June 2021: a certain part of office buildings of the Company was leased out to Shudao Investment for a half-year rental of RMB1,221,000).
- (c) During the Period, a fellow subsidiary under common control of Shudao Investment was engaged by the Group to provide greening and maintenance services at an aggregate amount of RMB1,989,000 (six months ended 30 June 2021: RMB901,000), based on the market price.

23. RELATED PARTY TRANSACTIONS (CONTINUED)

- (d) During the Period, fellow subsidiaries under common control of Shudao Investment were engaged by the Group to provide construction and maintenance works. The prices of such works are usually determined through public tender and bidding process. Construction and maintenance costs recognised by the Group for such services aggregating to RMB683,067,000 (six months ended 30 June 2021: RMB204,710,000).

- (e) During the Period, a fellow subsidiary under common control of Shudao Investment was engaged by the Group to provide property management services. Property management services costs recognised by the Group for such services during the Period aggregating to RMB3,652,000 (six months ended 30 June 2021: RMB1,451,000). The Directors consider that the amount paid for the property management services from a related company was determined based on prices similarly available to the related party's third-party customers.

- (f) During the current period, there was no factoring service provided by the Group to Chengdu Sichuan Transportation Xinrong Construction Engineering Company Limited, an indirect subsidiary of Shudao Investment (six months ended 30 June 2021: RMB517,000).

23. RELATED PARTY TRANSACTIONS (CONTINUED)

- (g) During the Period, Road and Bridge provided construction service for Tianqiong Expressway BOT Project. Construction cost recognised by the Group for such services during the Period amounted to approximately RMB309,554,000 (six months ended 30 June 2021: RMB24,697,000). The Directors consider that the amount paid for the construction services from a related company was determined based on prices similarly available to the related party's third-party customers.
- (h) During the Period, the Group purchased refined oil products aggregating to approximately RMB568,574,000 (six months ended 30 June 2021: RMB464,212,000) from PetroChina Company Limited Sichuan Sales Branch, a non-controlling shareholder of a subsidiary within the Group. The prices were determined by adding transportation fee to the selling price of the refined oil by reference to market price.
- (i) During the Period, the Group purchased refined oil products aggregating to approximately RMB93,043,000 (six months ended 30 June 2021: RMB111,566,000) from subsidiaries of Sinochem Oil Sales Company Limited, the holding company of a non-controlling shareholder of a subsidiary within the Group. The prices were determined by market wholesale price.

23. RELATED PARTY TRANSACTIONS (CONTINUED)

- (j) During the Period, the Group provided finance lease to Sichuan Xugu Expressway Development Co., Ltd., a fellow subsidiary of Shudao Investment. The revenue recognised by the Group for such finance lease during the Period amounted to RMB2,994,000 (six months ended 30 June 2021: RMB1,293,000). Interest rate of the finance lease is determined through risk assessment applicable to similar customers of the Group.

- (k) During the Period, the Group provided finance lease to Sichuan Communication. The revenue recognised by the Group for such finance lease during the Period amounted to RMB4,445,000 (six months ended 30 June 2021: nil). Interest rate of the finance lease is determined through risk assessment applicable to similar customers of the Group.

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

23. RELATED PARTY TRANSACTIONS (CONTINUED)

- (l) Compensation of the key management personnel of the Group during the Period:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fees	160	160
Other emoluments:		
Salaries, allowances and benefits in kind	2,974	3,050
Pension scheme contributions	258	238
Supplementary pension scheme contributions	328	294
	3,560	3,582
Total compensation paid to key management personnel	3,720	3,742

These transactions were carried out in accordance with the terms of agreements governing such transactions.

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

24. 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 short term to maturity, are as follows:

	Carrying amounts		Fair values	
	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000
Financial assets:				
Restricted deposits	7,836	2,366	7,836	2,366
Long-term compensation receivables, non-current portion	-	3,351	-	3,351
Loans to customers, non-current portion	1,239,780	1,419,757	1,239,780	1,419,757
Equity investments designated at fair value through other comprehensive income	446,167	449,055	446,167	449,055
	<u>1,693,783</u>	<u>1,874,529</u>	<u>1,693,783</u>	<u>1,874,529</u>
Financial liabilities:				
Interest-bearing bank and other loans (other than lease liabilities):				
- Bank loans	18,417,765	18,471,870	16,919,524	17,217,602
- Medium term notes	1,290,000	1,290,000	1,223,523	1,216,641
- Other borrowings	76,694	72,653	76,694	72,598
Derivative financial instruments	1,327	2,548	1,327	2,548
	<u>19,785,786</u>	<u>19,837,071</u>	<u>18,221,068</u>	<u>18,509,389</u>

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Management has assessed that the fair values of cash and cash equivalents, the current portion of restricted deposits, trade receivables, trade payables, financial assets included in other receivables, financial liabilities included in other payables and accruals 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.

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of the Group's long term compensation receivable, loans to customers and interest-bearing bank and other loans 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.

The Group had entered into derivative financial instruments, such as foreign exchange swap, with a bank. The fair values of the foreign exchange swap were estimated by the bank using the discounted cash flow method and the estimation included some assumptions not supported by observable market rates such as credit risk, discount rate and expected future cash flows. The carrying amount of foreign exchange swaps are the same as their fair value.

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair values of listed equity investment are based on quoted market prices. The fair values of unlisted equity investments designated at fair value through other comprehensive income, have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the Directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation (“EV/EBITDA”) multiple and price to earnings (“P/E”) multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The Directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

During the Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (six months ended 30 June 2021: nil).

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
As at 30 June 2022				
Financial assets:				
Equity investments designed at fair value through other comprehensive income:				
– Listed equity investments	81,167	-	-	81,167
– Unlisted equity investments	-	-	365,000	365,000
Financial assets at fair value through profit or loss	398	-	-	398
	<u>81,565</u>	<u>-</u>	<u>365,000</u>	<u>446,565</u>

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

	Fair value measurement using			Total <i>RMB'000</i>
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	
As at 31 December 2021				
Financial assets				
Equity investments designed at fair value through other comprehensive income:				
– Listed equity investment	89,526	–	–	89,526
– Unlisted equity investments	–	–	359,529	359,529
Financial assets at fair value through profit or loss	417	–	–	417
	89,943	–	359,529	449,472

INTERIM CONDENSED
FINANCIAL INFORMATION (CONTINUED)

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF
FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Liabilities measured at fair value:

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1) <i>RMB'000</i> (Unaudited)	Significant observable inputs (Level 2) <i>RMB'000</i> (Unaudited)	Significant unobservable inputs (Level 3) <i>RMB'000</i> (Unaudited)	

As at 30 June 2022

Financial liabilities:

Derivative financial instruments	-	1,327	-	1,327
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As at 31 December 2021

Financial liabilities:

Derivative financial instruments	-	2,548	-	2,548
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INTERIM CONDENSED
FINANCIAL INFORMATION (CONTINUED)

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Assets for which fair values are disclosed:

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1) <i>RMB'000</i> (Unaudited)	Significant observable inputs (Level 2) <i>RMB'000</i> (Unaudited)	Significant unobservable inputs (Level 3) <i>RMB'000</i> (Unaudited)	
Financial assets:				
Restricted deposits	-	7,836	-	7,836
Loans to customers, non-current portion	-	-	1,239,780	1,239,780
	-	7,836	1,239,780	1,247,616
	-	7,836	1,239,780	1,247,616

As at 30 June 2022

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Assets for which fair values are disclosed: (continued)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
As at 31 December 2021				
Financial assets:				
Restricted deposits	–	2,366	–	2,366
Long term compensation receivables, non-current portion	–	–	3,351	3,351
Loans to customers, non-current portion	–	–	1,419,757	1,419,757
	–	2,366	1,423,108	1,425,474

INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed:

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1) <i>RMB'000</i> (Unaudited)	Significant observable inputs (Level 2) <i>RMB'000</i> (Unaudited)	Significant unobservable inputs (Level 3) <i>RMB'000</i> (Unaudited)	
Interest-bearing bank and other loans	-	-	18,219,741	18,219,741

As at 30 June 2022

Financial liabilities:

Interest-bearing bank and other
loans

-	-	18,219,741	18,219,741
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As at 31 December 2021

Financial liabilities:

Interest-bearing bank and other
loans

-	-	18,506,841	18,506,841
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**25. APPROVAL OF THE INTERIM CONDENSED
FINANCIAL INFORMATION**

The interim condensed financial information was approved and authorised for issue by the board of directors on 25 August 2022.

CHANGES IN SHARE CAPITAL AND SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS

- I. DURING THE REPORTING PERIOD, THERE WAS NO CHANGE IN THE TOTAL NUMBER OF SHARES AND CAPITAL STRUCTURE OF THE COMPANY.**
- II. AS AT 30 JUNE 2022, THE COMPANY HAD A TOTAL OF 53,750 SHAREHOLDERS, INCLUDING 53,492 HOLDERS OF A SHARES AND 258 HOLDERS OF H SHARES.**
- III. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES**

As at 30 June 2022, the interests and short positions in the Shares and underlying shares of the Company held by substantial Shareholders or other persons (other than the Directors, Supervisors and chief executives of the Company) as recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange are set out below:

CHANGES IN SHARE CAPITAL AND SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS (CONTINUED)

Name	Type of Shares	Long position/ short position	Number of the Company's Shares held	Approximate percentage in the total issued share capital of the Company	Approximate percentage in the share capital of A Shares/ H Shares	Capacity
Shudao Investment	A Shares	Long position	1,035,915,462	33.87%	47.90%	Beneficial owner
	H Shares	Long position	96,354,200 ⁽¹⁾	3.15%	10.76%	Beneficial owner
		Total:	1,132,269,662	37.03%		Beneficial owner
China Merchants Expressway Company	A Shares	Long position	664,487,376	21.73%	30.72%	Beneficial owner
	H Shares	Long position	96,458,000 ⁽²⁾	3.15%	10.77%	Interest in controlled corporation
		Total:	760,945,376	24.88%		

CHANGES IN SHARE CAPITAL AND SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS (CONTINUED)

Notes:

- (1) According to the disclosure of interests forms submitted by Shudao Investment as of 30 June 2022, the number of H Shares held by Shudao Investment in long position in the Company was 89,990,000 (the form dated 18 May 2022), representing approximately 2.94% of the total issued share capital of the Company and approximately 10.05% of the H Shares. In the event that the shareholding of Shudao Investment in the Company changes, Shudao Investment is not required to notify the Company and the Stock Exchange unless certain conditions are fulfilled, and therefore the latest shareholding of Shudao Investment in the Company as at 30 June 2022 may be different from the shareholding disclosed on the Stock Exchange. The shareholding of Shudao Investment set out in this report was as at 30 June 2022 and, to the best of the knowledge of the directors of the Company who have made reasonable inquiries, are provided by Shudao Investment.

- (2) Cornerstone Holding Limited, a wholly-owned subsidiary of China Merchants Expressway Company, was interested in the H shares of the Company. By virtue of the SFO, China Merchants Expressway Company is therefore deemed to be interested in such Shares held by Cornerstone Holding Limited.

CHANGES IN SHARE CAPITAL AND SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS (CONTINUED)

Save as disclosed above, as at 30 June 2022, no persons (other than the Directors, Supervisors and chief executives of the Company) had registered interests or short positions in the Shares and underlying Shares of the Company which were required to be recorded in accordance with Section 336 of the SFO.

IV. CHANGE IN THE CONTROLLING SHAREHOLDER OF THE COMPANY

During the Reporting Period, there was no change in the controlling shareholders of the Company. Shudao Investment is the controlling shareholder and the formalities for share registration and transfer remained to be performed.

V. PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

VI. ISSUE AND LISTING OF SECURITIES

There were no issue and listing of securities during the Reporting Period.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

I. SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

As at 30 June 2022, interests and short positions held by Directors, Supervisors and chief executives of the Company in Shares, underlying shares or bonds of the Company or its associated corporation (as defined in Part XV of the SFO) that, by virtue of Divisions 7 and 8 of the SFO, which shall be reported to the Company and the Stock Exchange (including interests and short positions, by virtue of the SFO or other regulations, deemed or taken to be held by these directors, supervisors and chief executives); or any interests or short positions that shall be recorded in the register required to be kept under Section 352 of the SFO; or interests or short positions that, by virtue of Model Code as set out in Appendix 10 to the Listing Rules, shall be notified to the Company and the Stock Exchange, are as follows:

Name	Class of Shares	Long position/ Short position	Number of the Company's Shares held	Approximate	Approximate	
				percentage in the total issued share capital of the Company	percentage in the share capital of A Shares/ H Shares	
Gan Yongyi	A Shares	Long position	50,000	0.0016%	0.0023%	Beneficial owner
Luo Maoquan	A Shares	Long position	10,000	0.0003%	0.0005%	Beneficial owner

II. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

On 8 March 2022, Mr. Chen Yangbo served as the secretary of the discipline inspection committee of the Company.

On 22 March 2022, Mr. Zhang Yongnian, the Secretary to the Board (Company Secretary) and the authorized representative of the Company for matters relating to the listing in Hong Kong, tendered his resignation due to personal work arrangement. On 30 March 2022, the Company convened the twenty-first meeting of the seventh session of the Board, at which Mr. Guo Renrong, the Financial Controller of the Company, was appointed to act as the Secretary to the Board of the Company until the date when the newly appointed Secretary to the Board officially takes office.

On 24 May 2022, Mr. Liu Junjie resigned as the Deputy General Manager of the Company due to personal work arrangement.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

On 14 June 2022, the Board of the Company appointed Mr. Yao Jiancheng as the Secretary to the Board, and appointed Mr. Yao Jiancheng and Mr. Wong Wai Chiu as the joint company secretaries of the Company and authorized representatives of the Company for matters relating to the listing in Hong Kong. The appointments came into effect from the date approved the appointments at the twenty-third meeting of the seventh session of the Board until the expiry of the seventh session of the Board of the Company. They may be re-elected at the expiry of such term of office.

MANAGEMENT'S DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW AND ANALYSIS

(I) Results Overview

The Group is principally engaged in the investment, construction, operation and management of expressway infrastructure projects, and carries out diversified operations which are highly relevant to our principal business. In the first half of 2022, the downward pressure on the domestic economy increased as the international situation became more complicated and severe and the impact of the domestic pandemic was beyond expectations. Due to the impact of comprehensive factors, the completion progress of the Company's economic indicators is affected to a certain extent.

During the Reporting Period, the net revenue of the Group amounted to approximately RMB4,085,534,000, representing an increase of approximately 1.56% year-on-year. In particular, the net income from the toll roads and bridges segment amounted to approximately RMB1,592,973,000, representing a decrease of approximately 11.28% year-on-year; the net revenue from city operation segment amounted to approximately RMB1,441,119,000, representing an increase of approximately 4.75% year-on-year; the net revenue from financial investment segment amounted to approximately RMB91,273,000, representing a decrease of approximately 8.65% year-on-year; and the net revenue from energy investment segment amounted to approximately RMB960,169,000, representing an increase of approximately 27.73% year-on-year. The profit attributable to the owners of the Company was approximately RMB485,663,000, representing a decrease of 27.91% year-on-year. Basic earnings per Share was approximately RMB0.159 (the same period in 2021: approximately RMB0.220). As of 30 June 2022, the Group had total assets of approximately RMB40,588,072,000 and net assets of approximately RMB18,579,815,000.

(II) Operation of the Toll Roads and Bridges Business of the Group

Operation of the toll roads and bridges business of the Group during the Reporting Period is as follows:

Item	Average daily traffic flow (vehicles)		Toll income (before deduction of turnover taxes) (RMB'000)		
	Shareholding percentage (%)	For the Period	2022		
			For the Period	Same period in 2021	Increase/ (decrease) (%)
Chengyu Expressway	100.00	19,146	343,690	383,232	-10.32
Chengya Expressway	100.00	38,708	453,644	514,841	-11.89
Chengren Expressway	100.00	29,713	342,462	463,472	-26.11
Chengle Expressway	100.00	25,773	217,913	184,870	17.87
Chengbei Exit Expressway (including Qinglongchang Flyover)	60.00	50,749	63,974	68,026	-5.96
Suiguang Expressway	100.00	10,952	111,955	119,777	-6.53
Suixi Expressway	100.00	9,360	67,799	78,929	-14.10

Note: The traffic flow and toll revenue of Chengle Expressway were greatly affected by the closed construction of the project in the same period last year, phased projects were gradually completed and put into operation this year, and the toll revenue has increased as compared with the same period last year. However, the revenue growth was still lower than expected due to the pandemic.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

During the Reporting Period, the toll income (before deduction of turnover taxes) of the Group was approximately RMB1,601,437,000, representing a decrease of approximately 11.68% as compared with the same period last year. The toll income (after deduction of turnover taxes) accounted for approximately 38.99% of the Group's operating revenue, representing a decrease of approximately 5.64 percentage points as compared with the same period last year. During the Reporting Period, the overall operating performance of the Group's expressways was affected by the combined effects of the following factors:

1. Economic Factors

In the first half of 2022, China's economy witnessed the steady and sound growth momentum, and the fundamentals of long-term positive growth remained unchanged. The country's gross domestic product (GDP) reached RMB56,264.2 billion, representing a year-on-year increase of 2.5%¹ at comparable prices. Sichuan Province achieved a GDP of RMB2,617.647 billion, up 2.8%² year-on-year. The province's economy has moved forward under pressure, the policy hedging effect has shown up, and the developmental resilience has increased. In the first half of 2022, COVID-19 still affected the traffic flow and vehicle tolls to a great extent. Local cases have spread in Chengdu in February 2022 and Linshui County in Guang'an in mid- and early May 2022, respectively, resulting in a reduction in vehicle travel and a decrease in

¹ Source: Preliminary audit results issued by the National Bureau of Statistics

² Source: Preliminary audit results issued by Sichuan Provincial Bureau of Statistics

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

expressway traffic flow. Faced with a more complex and severe macro environment and the impact of frequent pandemic, the Group's overall toll income (before deduction of turnover taxes) decreased by 11.68% year on year in the first half of 2022.

2. Policy Factors

From January to February 2022, during the New Year's Day holiday, the Spring Festival travel rush and the winter vacation, travel has brought traffic growth. According to the Notice on Issuance of Financial and Taxation Policies for Further Supporting the Healthy Development of Micro-, Small and Medium-sized and Individual Business (Chuan Cai Jian [2022] No. 2) (《關於印發〈進一步支持中小微企業和個體工商戶健康發展的財稅政策〉的通知》(川財建[2022]2號)) jointly issued by the Department of Finance of Sichuan Province, the Department of Transportation of Sichuan Province, Sichuan Provincial Tax Service, State Taxation Administration and other 10 provincial departments, from 18 February 2022 to 31 December 2023, the ETC toll discount for trucks in Sichuan Province will increase from 5% to 6%, i.e., trucks using ETC (Electronic Toll Collection) to pass through the Sichuan Expressway Network will enjoy 6% discount on tolls, resulting in a partial decrease of toll revenue. In addition, the continued increase in fuel prices has indirectly affected the flow of highway passengers and freight due to the increased cost of transportation, travel and materials.

3. Road Network Changes and Road Construction Factors

Changes in peripheral competitive or synergistic road networks and road refurbishment brought varying degrees of positive or negative impacts on the Group's expressways. During the Reporting Period, some of the Group's expressways were affected to varying degrees by these factors:

Chengyu Expressway: On the morning of 28 January 2022, Chengyu Station C of the Chengdu Ring Expressway was put into operation, realizing the interconnection between the Chengyu Expressway and the Chengdu No.1 Ring Expressway, improving the traffic conversion capacity of the two expressways and increasing the traffic flow.

On 18 March 2022, the Chengdu Tianfu International Airport Expressway started to charge tolls. The toll rate of Class 1 vehicle was RMB0.85/car/km. Since the base price of the toll was higher than that of the Chengyu Expressway, it had a certain return effect on the Chengyu Expressway (Qingquan hub to Jianpu section). However, in light of the convenience to enter the first, second and third detours from the Chengdu Tianfu International Airport Expressway and direct accessible to Tianfu New District, and that the whitelisted vehicles were still subject to toll concession policy after the Chengdu Tianfu International Airport Expressway started to charge tolls, the traffic volume of the expressway was still relatively high. For the whole line, the return effect in a short period was not significant, and the impact on the diversion of Chengyu Expressway was still relatively obvious.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Since 23 April 2022, the Chengdu Ring Expressway has implemented the environmental quality improvement project in five stages. Temporary traffic control was organized during the closed construction of the project, which has certain impact on some road sections of the Group.

Chengle Expressway: On 15 January 2022, Qingshen North Toll Station and its interchanges were officially completed and put into operation; on 27 January 2022, the expansion of Chengdu-Kunming railway frame bridge section under Chengle Expressway Expansion Construction Project was successfully completed, and the section from Meishan to Leshan fully realized two-way eight-lane traffic; On 28 January 2022, the new Jiajiang Toll Station was officially completed and put into operation, while the old station was closed. The phased project of Chengle Expressway was gradually completed and put into operation, and the traffic flow continued to return, which contributed to the increase in toll revenue.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Upon completion of the above-mentioned projects during the closed construction, the resumption of traffic brought an increase in revenue as compared to the same period last year. However, due to the long-term closed construction and irregular closures of the station resulting in the change in driving habits of the vehicles to achieve traffic diversion, and due to the fact that the surrounding road network was mature and perfect with good road conditions, with buses arranged in Meishan, Pengshan and other places to seamlessly docking with Xinjin Metro, the vehicles to achieve traffic diversion failed to fully return, resulting in lower-than-expected revenue growth.

Chengren Expressway: Chengyi Expressway was officially opened on 31 December 2020 and is toll-free, which had certain adverse impact on Chengren Expressway in respect of toll income.

On 18 March 2022, Chengdu Tianfu International Airport Expressway started to charge tolls. The base price of the toll was higher than that of Chengren Expressway. The traffic flow from Chengdu to first, second and third detours and the vicinity of Renshou East Station returned, promoting the traffic flow across the line to rebound. However, in light of the convenience to enter the first, second and third detours from the Chengdu Tianfu

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

International Airport Expressway and direct accessible to Tianfu New District, and that the whitelisted vehicles were still subject to toll concession policy after the Chengdu Tianfu International Airport Expressway started to charge tolls, the traffic volume of the expressway was still relatively high, so that the return effect of the whole line in a short period was not as good as expected, and the impact on the diversion of Chengren Expressway was still relatively obvious.

Chengya Expressway: From 21 to 25 March 2022, the left-turn ramp bridge from the south to west of Baijia Interchange (Chengya Expressway to Chengdu Shuangliu Airport Expressway) closed for construction. In order to relieve the traffic pressure from Chengya to Chengdu section, highway police adopted diversion measures for vehicles. As the entrance of Chengya Expressway near the toll station was closed several times during the above period, vehicles towards Chengdu chose land-service road to pass by, resulting in certain impact on the traffic flow.

(III) Major Investment and Financing Projects of the Group

1. Chengle Expressway Expansion Construction Project

The proposal in respect of investment in the expansion construction of Chengle Expressway and relevant matters was considered and approved at the extraordinary general meeting of the Company held on 30 October 2017. According to the opinion on approval of the project from the Ministry of Transport, the total mileage of the project was 130 km, and the estimated total investment was approximately RMB22.16 billion. According to the Reply on Adjustment to the Approval of the Chengdu to Leshan Expressway Expansion Construction Project issued by the Sichuan Provincial Development and Reform Commission (Chuan Fa Gai Ji Chu [2022] No. 298) (《關於調整成都至樂山高速公路擴容建設項目核准事項的批覆》(川發改基礎[2022]298號)), the adjusted total mileage of the project was 136.1 km and the estimated total investment was RMB25.15 billion. After the completion of the project, it will help ease the traffic pressure on Chengle Expressway, and improve the overall traffic capacity and service level of Chengle Expressway. On 27 November 2019, the established tasks for the Chengle Expansion Construction Project Pilot Section were completed and the pilot section was opened to two-

way traffic. On 18 December 2019, the new Qinglong Toll Station of Chengle Expressway officially opened to traffic. On 2 August 2021, in order to standardize the approval procedures of PPP projects' inclusion and reclassification in the database, Chengdu Transportation Bureau has entered into the Investment Agreement for the Expansion Construction Project of Chengdu-Leshan Expressway and the Public-Private-Partnership (PPP) Project Contract for the Expansion Construction Project of Chengdu-Leshan Expressway with Chengle Company. On 27 January 2022, the 81 km section from Meishan to Leshan fully realized two-way eight-lane passage. From the date of construction commencement to 30 June 2022, the cumulative investment in Chengle Expressway expansion and construction project was approximately RMB8.260 billion.

2. Tianqiong Expressway BOT Project

On 30 October 2019, the resolution in relation to the investment in the Chengdu Tianfu New Area to Qionglai Expressway Project was considered and approved by the Board. The consortium established by the Company and Road & Bridge International Co., Ltd. participated in bidding for the Tianfu New Area to Qionglai Expressway Project and won the bid. The total length of the project is approximately 42 km, with an estimated total investment of approximately RMB8.685 billion.

On 4 March 2020, Sichuan Chengqiongya Expressway Company Limited was incorporated in Qionglai of Sichuan Province as a project company to take charge of the investment, construction and operation of Tianqiong Expressway, with project company's registered capital of approximately RMB1.737 billion, of which the Company contributed RMB1,424.34 million. From the commencement date of construction to 30 June 2022, an accumulated investment of approximately RMB1.865 billion had been invested in the Tianqiong Project.

3. Termination of Acquisition Project in Turkey

The second meeting of the seventh session of the Board of Directors of the Company was convened on 20 December 2019, at which the Resolution in relation to Participation in the Acquisition of Overseas Assets and the Connected Transaction of the Company was considered and approved. The Company, China Merchants Expressway Network and Technology Holdings Co., Ltd., China Merchants Union (BVI) Limited, Zhejiang Expressway Co., Ltd., Jiangsu Expressway Company Ltd. and Anhui Expressway Company Ltd. (the "Consortium") entered into the Cooperation Agreement and the Shares Purchase Agreement to establish a joint venture to carry out the assets acquisition overseas (the "Project"). On 4 August 2021, the Company published updates on the progress of the Project, the relevant parties have not reached consensus on the relevant terms of the refinancing agreement, and the conditions precedent for the transaction under the Share Purchase

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Agreement have not fully been fulfilled; on 20 August 2021, the Company published further announcement on the progress of the Project, the Chinese side of the Consortium intends to negotiate with the seller for the termination of the agreement for the Project. On 27 January 2022, the Company convened the nineteenth meeting of the seventh session of the Board, at which the Resolution on Termination of Acquisition of Overseas Assets between the Company and the parties of the Consortium was considered and approved, and it was agreed that the Company and the Consortium Members would terminate the Shares Purchase Agreement in respect of the acquisition of the Project. On 9 March 2022, the parties to the Consortium and the Seller jointly signed the Termination Agreement to terminate the Project.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

II. ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION

Summary of the Group's Operating Results

	For the six months ended	
	30 June	
	2022	2021
	RMB'000	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue	4,085,534	4,022,892
Including: Net toll roads and bridges income	1,592,973	1,795,488
Net city operation revenue	1,441,119	1,375,798
Net financial investment revenue	91,273	99,916
Net energy investment revenue	960,169	751,690
Earnings before tax	674,233	911,137
Earnings attributable to owners of the Company	485,663	673,714
Earnings per share attributable to owners of the Company (<i>RMB</i>)	0.159	0.220

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Summary of the Group's Financial Position

	2022	2021
	30 June	31 December
	RMB'000	<i>RMB'000</i>
	(Unaudited)	
Total assets	40,588,072	40,647,497
Total liabilities	22,008,257	22,199,036
Non-controlling interests	1,067,293	1,083,466
Equity attributable to owners of the Company	17,512,522	17,364,995
Equity per share attributable to owners of the Company (RMB)	5.727	5.678

Analysis of Operating Results

Revenue

The Group's net revenue for the Period amounted to RMB4,085,534,000 (the same period in 2021: RMB4,022,892,000), representing a year-on-year increase of 1.56%, of which:

- (1) The net toll roads and bridges income was RMB1,592,973,000 (the same period in 2021: RMB1,795,488,000), representing a year-on-year decrease of 11.28%. During the period, except for the Chengle Expressway, the toll revenue of each road section decreased to varying degrees, which was mainly due to: firstly, the diversion of adjacent road network of Chengren Expressway superimposed the negative impact of COVID-19 pandemic resulted in a decrease of RMB121,010,000 or 26.11% in toll revenue of Chengren Expressway for the period as compared with the same period of last year. Secondly, the resurgence of COVID-19 pandemic, resulting in a decrease in vehicle travel. Chengya Expressway, Chengyu Expressway, Chengbei Exit Expressway and Suiguang-Suixi Expressways were all affected to different extents, of which: the toll income of Chengya Expressway decreased by RMB61,197,000 or 11.89% as compared with the same period of last year; the toll income of Chengyu Expressway decreased by RMB39,542,000 or 10.32% as compared with the same period of last year; the toll income of Chengbei Exit Expressway decreased by RMB4,052,000 or 5.96% as compared with the same period of last year; and the toll income of Suiguang-Suixi Expressways decreased by RMB18,952,000 or 9.54% as compared with the same period of last year. Please refer to "operating conditions of the toll roads and bridges business of the Group" in this report for details of the main factors affecting the toll income of the Group during the Reporting Period;

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- (2) The net city operation revenue was RMB1,441,119,000 (the same period in 2021: RMB1,375,798,000), representing a year-on-year increase of 4.75%, which was mainly due to that: firstly, the construction contract revenue (before deduction of turnover taxes) in respect of service concession arrangements was RMB1,364,575,000 (the same period in 2021: RMB932,307,000), representing a year-on-year increase of 46.37%, which was mainly the construction contract revenue from the project for expansion construction of Chengle Expressway, Tianqiong Expressway BOT Project and Chengya Oil Company Meishan Gas Station Construction Project recognized under the input method; secondly, construction contract revenue (before deduction of turnover taxes) in respect of construction works performed for third parties amounted to RMB18,207,000 (the same period in 2021: RMB1,035,000), representing a year-on-year increase of 1,659.13%, which was mainly due to the construction contract revenue from the PPP Project of Longmen to Baosheng to Dachuan in Lushan County, the Tourism Road Project at Dachuan River Scenic Area in Lushan County and others recognized under the input method; thirdly, the revenue from real estate business decreased by RMB370,258,000 (the same period in 2021: RMB370,258,000), representing a year-on-year decrease of 100%, which was mainly due to the fact that the real estate business of Renshou Trading Landmark Company Limited (仁壽交投置地有限公司) was no longer included in the consolidated statement of the Group in this period; fourthly, the revenue from the sale of industrial products amounted to RMB23,647,000 (the same period in 2021: RMB35,363,000), as a result of the suspension of the Qianwei Sand and Gravel Project (隄為砂石項目); fifthly, the revenue from other projects amounted to RMB35,512,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- (3) The net financial investment revenue was RMB91,273,000 (the same period in 2021: RMB99,916,000), representing a year-on-year decrease of 8.65%, which was mainly due to: on one hand, the regional lockdown measures brought about by the repeated COVID-19 pandemic restricted the Company's daily business expansion, which had a certain negative impact on business operation; on the other hand, under the pressure of the domestic macro economy, the uncertainty of economic growth increased, leading to a decrease in the willingness of high-quality enterprises to raise funds, which had a negative impact on the Company's business expansion, resulting in a year-on-year decrease in investment projects.
- (4) The net energy investment revenue was RMB960,169,000 (the same period in 2021: RMB751,690,000), representing a year-on-year increase of 27.73%, which was mainly due to the Company's active development of energy sales business and expansion of sales channels in the current period.

Other Income and Gains

The Group's other income and gains for the Period amounted to RMB116,936,000 (the same period in 2021: RMB92,112,000), representing a year-on-year increase of 26.95%, which was mainly attributable to the recognition of interest income from bank deposits of RMB29,186,000 (the same period in 2021: RMB22,614,000), representing a year-on-year increase of 29.06%; the recognition of interest income from construction contracts of RMB42,952,000 (the same period in 2021: RMB28,620,000), representing a year-on-year increase of 50.08%; the recognition of dividend income from financial assets designated at fair value through other comprehensive income of RMB7,130,000 (the same period in 2021: RMB1,330,000).

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Operating Expenses

The Group's operating expenses for the Period amounted to RMB3,315,516,000 (the same period in 2021: RMB2,919,209,000), representing a year-on-year increase of 13.58%, of which:

- (1) During the Period, construction contract cost recognized under the input method in respect of service concession arrangements was RMB1,364,575,000 (the same period in 2021: RMB932,307,000), representing a year-on-year increase of 46.37%. This mainly included construction contract costs recognized for Chengle Expressway Expansion Construction Project, Tianqiong Expressway BOT Project and Chengya Oil Company Meishan Gas Station Construction Project; during the Period, construction contract costs recognized in respect of construction works amounted to RMB16,419,000 (the same period in 2021: RMB351,000), representing a year-on-year increase of RMB16,068,000. This was mainly due to the construction cost of the PPP Project of Longmen to Baosheng to Dachuan in Lushan County, Tourism Road Project at Dachuan River Scenic Area in Lushan County and others recognized under the input method;
- (2) Depreciation and amortization expenses increased by 2.82% from RMB478,164,000 last year to RMB491,650,000 for the Period, mainly attributable to the increase in amortization for service concession arrangements, depreciation of right-of-use assets and depreciation of property, plant and equipment;

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- (3) The cost of sales of goods was RMB877,609,000 (the same period in 2021: RMB630,850,000), representing a year-on-year increase of 39.12%, which was mainly due to the increase in direct sales costs over the same period last year as a result of the Company's active development of energy sales business and expansion of sales channels in the current period;
- (4) The cost of property sales for the period recorded a decrease of RMB281,223,000 (the same period in 2021: RMB281,223,000), representing a decrease of 100% over the last year, which was mainly due to that the real estate business of Renshou Trading Landmark Company Limited* (仁壽交投置地有限公司) was no longer included in the consolidated financial statements of the Group during the Period;
- (5) Employee costs increased by 5.38% from RMB386,388,000 for the same period last year to RMB407,157,000 for the Period, mainly due to the cumulative impact of the increase in the average salary in the city and the increase in the proportion of provision for five social insurance and one housing fund;
- (6) Repair and maintenance costs increased by 3.43% from RMB42,527,000 for the same period last year to RMB43,985,000, representing the daily maintenance costs of the ancillary facilities of all expressways of the Group;
- (7) Cost of finance lease operation amounted to RMB49,582,000 (the same period in 2021: RMB46,179,000), representing a year-on-year increase of RMB3,403,000, mainly attributable to the increase in interest on borrowings for finance lease operation project;

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- (8) Exchange loss amounted to RMB4,681,000, while there was no exchange loss for the same period last year.

Finance Costs

The Group's finance costs for the Period amounted to RMB430,509,000 (of which expensed interest expenditure amounted to RMB229,354,000), representing an increase of 0.36% as compared with RMB428,952,000 (of which expensed interest expenditure amounted to RMB299,790,000) for the same period last year. The increase in the finance costs was mainly attributable to the increase in drawdown of loan for Chengle Expressway Expansion Construction Project and Tianqiong Expressway BOT Project, and the decrease in expensed interest expenditure was mainly due to repayment of principal of loan.

Income Tax

The income tax expense of the Group for the Period amounted to RMB146,613,000, representing a decrease of approximately 18.31% as compared with RMB179,477,000 for the same period of 2021, mainly due to the change in profit.

Profit

The Group's profit for the Period amounted to RMB527,620,000 (the same period in 2021: RMB731,660,000), representing a decrease of RMB204,040,000 for the same period last year, of which the profit attributable to owners of the Company was RMB485,663,000, representing a decrease of RMB188,051,000 as compared to the same period last year. This was mainly due to:

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- (1) The toll road and bridge business for the Period recorded a decrease of RMB211,710,000 in toll income (before deduction of turnover taxes) as compared to the same period last year due to the negative impact of the resurgence of COVID-19 pandemic and the diversion of neighbouring road network. The profit of the toll road and bridge segment was approximately RMB613,998,000, representing a decrease of approximately RMB155,521,000 as compared to the same period last year;
- (2) Profit of the city operation segment for the Period amounted to approximately RMB32,475,000, representing a decrease of RMB46,675,000 as compared to the same period last year, which was mainly due to that the real estate business of Renshou Trading Landmark Company Limited* (仁壽交投置地有限公司) was no longer included in the consolidated financial statements of the Group during the Period;
- (3) Profit of the financial investment segment for the Period amounted to approximately RMB48,858,000, representing a year-on-year decrease of RMB414,000, which was mainly due to the decrease in the amount of financial leasing projects launched in the Period;
- (4) Profit of the energy investment segment for the Period amounted to approximately RMB72,409,000, representing a year-on-year decrease of approximately RMB24,267,000, mainly due to the decrease in retail sales volume of refined oil as compared to the same period last year as a result of the decrease in vehicle travel due to the recurrence of the COVID-19 pandemic.

Analysis of Financial Position

Non-current Assets

As at 30 June 2022, the Group's non-current assets amounted to RMB34,256,520,000, representing an increase of 2.69% as compared with the end of 2021, mainly attributable to:

- (1) An increase of RMB1,107,821,000 in service concession arrangements which included an increase of approximately RMB1,516,148,000 from Chengle Expressway Expansion Construction Project, Tianqiong Expressway BOT Project and Chengya Oil Company Meishan Gas Station Construction Project, and the provision for amortization of service concession arrangements of approximately RMB408,327,000;
- (2) A decrease of RMB24,953,000 in right-of-use assets, mainly due to the provision for depreciation;
- (3) A decrease of RMB12,437,000 in investment in associates and joint ventures, mainly attributable to: firstly, the decrease in the carrying amount due to the distribution of dividend of RMB17,143,000 for 2021 declared by Airport Expressway Company in the Period; secondly, the decrease in carrying amount due to the receipt of dividends in a total amount of RMB5,567,000 from Chengyu Development Fund during the Period; thirdly, the increase in carrying amount following the recognition of income from investment in a total amount of RMB16,633,000 during the Period; fourthly, the decrease of RMB6,360,000 in carrying amount due to the completion of the acquisition of 100% equity interest in Chengyu Private Equity Fund Company, and the Group held 50% equity interest in Chengyu Private Equity Fund and presented it in the investment in joint ventures before then, which was no longer presented after it was included in the scope of consolidation in the current period;

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- (4) A decrease of RMB2,888,000 in equity investments designated at fair value through other comprehensive income, which was mainly due to the changes in fair value of equity investments in China Everbright Bank Co., Ltd.;
- (5) A decrease in loans to customers of RMB179,977,000, which was mainly due to the reclassification of long-term finance lease receivables as current assets based on liquidity;
- (6) A decrease of RMB3,351,000 in long term compensation receivables;
- (7) A decrease of RMB28,639,000 in property, plant and equipment, which was mainly due to the provision for depreciation during the Period.

Current Assets and Current Liabilities

As at 30 June 2022, the current assets of the Group amounted to RMB6,331,552,000, representing a decrease of 13.14% as compared with the end of 2021, mainly attributable to:

- (1) A decrease of RMB948,443,000 in the balance of cash and cash equivalents as compared with the end of 2021, mainly due to the net cash outflow of RMB235,692,000 used in operating activities during the Period; net cash outflow used in investing activities and financing activities amounted to RMB95,755,000 and RMB736,999,000, respectively;

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- (2) A decrease of approximately RMB112,134,000 in loan to customers due within one year compared with the end of 2021, mainly due to the collection of financial leasing funds receivables due within one year (recovered by instalment);
- (3) Trade and other receivables increased by RMB70,678,000 as compared to the end of 2021, mainly due to a decrease in trade receivables of RMB55,483,000, an increase in other receivables of RMB4,114,000 and an increase in prepayment of RMB122,047,000, respectively;
- (4) An increase of approximately RMB26,371,000 in inventories as compared with the end of 2021, mainly due to the increase of purchase of oil products for the Period;

As at 30 June 2022, the Group's current liabilities amounted to RMB4,209,334,000, representing an increase of 22.63% as compared with the end of 2021, mainly attributable to a decrease of RMB197,285,000 in trade and other payables; an increase of RMB120,222,000 in dividend payable; a decrease of approximately RMB25,598,000 in tax payable; an increase of approximately RMB880,580,000 in interest-bearing bank and other loans, mainly due to the repayment of approximately RMB826,870,000 of short-term loans, long-term borrowings due within one year, other loans and lease liabilities during the Period; no new current loans, an increase in the reclassification of approximately RMB1,707,450,000 of bank loans, other interest-bearing loans due within one year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Non-current Liabilities

As at 30 June 2022, the non-current liabilities of the Group amounted to RMB17,798,923,000, representing a decrease of 5.16% as compared with the end of 2021, which was principally attributable to a decrease of approximately RMB948,348,000 in interest-bearing bank and other loans as a result of the increase of approximately RMB753,954,000 in long-term borrowings, other loans and lease liabilities, approximately RMB5,148,000 in other loans and amortization of unrecognized financing fees on lease liabilities during the Period, approximately RMB1,707,450,000 in long-term borrowings, other loans and the reclassification as current liabilities during the Period; and a decrease of RMB13,801,000 in deferred income as compared to last year.

Equity

As at 30 June 2022, the Group's equity amounted to RMB18,579,815,000, representing an increase of 0.71% as compared with the end of 2021, mainly attributable to: (1) profit of RMB527,620,000 for the Period, which increased the equity; (2) a decrease in equity of RMB1,953,000 due to the adjustment to the fair value of equity investments at fair value through other comprehensive income; (3) the final dividend for 2021 declared in the Period amounting to RMB336,390,000, which decreased the equity; (4) declared dividends of RMB59,048,000 to non-controlling shareholders, which decreased the equity; and (5) an increase in equity of RMB1,125,000 due to capital injection by non-controlling shareholders.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Capital Structure

As at 30 June 2022, the Group had total assets of RMB40,588,072,000 and total liabilities of RMB22,008,257,000. The gearing ratio, which was calculated as the Group's total liabilities divided by its total assets, was 54.22% (31 December 2021: 54.61%).

Cash Flow

As at 30 June 2022, the cash and cash equivalents of the Group amounted to RMB2,888,627,000, representing a decrease of approximately RMB948,443,000 as compared with the end of 2021. It comprised approximately HKD102,000 (equivalent to approximately RMB88,000) of deposits in Hong Kong dollars, and RMB2,888,539,000 of cash and cash equivalents in Renminbi.

During the Period, net cash outflow from operating activities of the Group amounted to RMB235,692,000 (the same period of 2021: net cash outflow of RMB616,739,000), representing a decrease of RMB381,047,000 in net cash outflow compared with the same period last year, which was mainly because: profit before tax decreased by RMB236,904,000 as compared with the same period last year; the new service concession arrangements resulted in an increase of RMB432,268,000 in cash outflow as compared with the same period last year; the decrease in properties under development resulted in a decrease of RMB126,565,000 in cash outflow as compared with the same period last year; the decrease in the properties held for sale resulted in a decrease of RMB263,861,000 in cash inflow as compared with the same period last year; the increase in restricted deposits resulted in an increase in cash outflow of RMB11,697,000 for the Period as compared with the same period last year; cash inflow increased by RMB766,162,000 as compared with the same period last year due to the decrease in loans to

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

customers; the increase in trade and other receivables resulted in an increase of RMB288,032,000 in net cash outflow for the Period as compared with the same period last year; the decrease in contract assets and contract costs resulted in a decrease of RMB6,187,000 in cash inflow for the Period as compared with the same period last year; the increase in contract liabilities resulted in a decrease of RMB261,892,000 in net cash outflow for the Period as compared with the same period last year; the decrease in trade and other payables resulted in a decrease of RMB538,887,000 in cash outflow for the Period as compared with the same period last year.

Net cash outflow from investing activities of the Group amounted to RMB95,755,000 (the same period of 2021: net inflow of RMB54,981,000), representing a decrease in net cash inflow of RMB150,736,000 as compared with the same period last year, mainly due to: an increase of RMB17,611,000 of cash outflow from the purchase of property, plant and equipment as compared with the same period last year; an increase of RMB3,554,000 of cash outflow from the acquisition of subsidiaries as compared with the same period last year; an increase of RMB6,572,000 in interest income as compared with the same period last year; an increase of RMB7,830,000 in cash inflow in recovered financial assets at fair value through profit or loss during the Period as compared with the same period last year; a decrease of RMB13,618,000 in dividend income from associates and joint ventures as compared with the same period last year; an increase of RMB5,813,000 in cash inflow for dividends from financial assets designated at fair value through other comprehensive income during the period as compared with the same period last year; a decrease of RMB15,000,000 in cash inflow from the decrease of pledged time deposits during the Period as compared with the same period last year; and an increase in time deposits during the Period resulting in an increase of RMB120,000,000 in cash outflow as compared with the same period last year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Net cash outflow from financing activities was RMB736,999,000 (the same period of 2021: net cash inflow of RMB783,081,000), representing a decrease in net cash inflow of RMB1,520,080,000 as compared with the same period last year, which was mainly due to: a decrease of RMB2,147,210,000 in cash inflow from new bank loans as compared with the same period last year; an increase of RMB19,476,000 in cash inflow from new other loans as compared with the same period last year; a decrease of RMB400,000,000 in cash inflow from new short term commercial paper as compared with the same period last year; a decrease of RMB1,030,729,000 in cash outflow from repayment of bank loans as compared with the same period last year; an increase of RMB8,074,000 in cash outflow from repayment of other loans as compared with the same period last year; a decrease of RMB130,694,000 in cash outflow from dividend paid to the owners of the Company compared with the same period last year; an increase of RMB148,378,000 in cash outflow from dividend paid to non-controlling shareholders as compared with the same period last year; a decrease of RMB2,328,000 in cash outflow from interest paid compared with the same period last year; and a decrease of RMB1,879,000 in cash inflow from capital contribution by non-controlling shareholders as compared with the same period last year.

Foreign Exchange Fluctuation Risks

Save that the Company needs to purchase Hong Kong dollars to distribute dividends to H Shareholders, the operating income and expenses as well as the capital expenditures of the Group are mainly settled in RMB and thus the fluctuations in exchange rate do not have material impact on the Group's results.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Borrowings and Solvency

As at 30 June 2022, the Company's interest-bearing bank and other borrowings amounted to RMB19,914,545,000, all of which bore fixed interest rates. In particular, the balance of bank loans was RMB18,417,765,000, with annual interest rates ranging from 2.27% to 5.95%; the balance of sum of other loans and lease liabilities amounted to RMB206,780,000, with annual interest rate of 5.10% to 5.52%; the balance of medium-term notes amounted to RMB1,290,000,000, with annual interest rates ranging from 3.49% to 6.30%. The relevant balances are set out as follows:

Interest-Bearing Bank and Other Loans

	Total	Within	1 to 5	Over
	<i>RMB'000</i>	1 year	years	5 years
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loans from banks	18,417,765	2,245,630	5,985,301	10,186,834
Other loans and lease liabilities	206,780	104,123	66,820	35,837
Medium-term notes	<u>1,290,000</u>		<u>1,290,000</u>	
Total (as of 30 June 2022)	<u><u>19,914,545</u></u>	<u><u>2,349,753</u></u>	<u><u>7,342,121</u></u>	<u><u>10,222,671</u></u>
Total (as of 31 December 2021)	<u><u>19,982,313</u></u>	<u><u>1,469,173</u></u>	<u><u>6,095,538</u></u>	<u><u>12,417,602</u></u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

With the Group's steady cash flow, solid capital structure and sound credit records, the Group has established and maintained favorable credit relations with financial institutions and enjoyed most preferential interest rates for its loans. The Group has acquired bank facilities of RMB49,702 million from financial institutions available for use in the following one to two years. In addition, in 2010, China CITIC Bank Corporation Limited (Chengdu Branch) as leader and other eight banks carrying on businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long-term loan of RMB4,890 million. Such loan is specially used for construction of Chengren Expressway BOT Project. In 2019, China CITIC Bank Corporation Limited (Chengdu Branch) transferred the entire loan balance under the Syndicated Contract to China Construction Bank Corporation (Sichuan Branch), and China Construction Bank Corporation (Sichuan Branch) became the leader in 2020. As of 30 June 2022, the balance of the syndicated loan for the project was RMB1,746 million.

In 2013, China Development Bank (Sichuan Branch) as leader formed a bank consortium with other four banks carrying out businesses in the PRC, which signed a loan contract with the Group for a medium-long term loan of RMB4,950 million. Such loan is specially used for construction of Suiguang Expressway BOT Project. As of 30 June 2022, the balance of the syndicated loan for the project amounted to RMB4,240 million. In 2013, China Development Bank (Sichuan Branch) as leader formed a bank consortium with other two banks carrying out businesses in the PRC, which signed a loan contract with the Group for a medium-long term loan of RMB3,380 million. Such loan is specially used for construction of Suixi Expressway BOT Project. As of 30 June 2022, the balance of the syndicated loan for the project amounted to RMB2,770 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

In 2019, China Construction Bank Corporation (Sichuan Branch) and China Development Bank (Sichuan Branch) as leaders formed a bank consortium with other five banks carrying out businesses in the PRC, which signed a loan contract with the Group for a medium-long term loan of RMB10,400 million. Such loan is specially used for Chengle Expressway Expansion Construction Project. As of 30 June 2022, the balance of the syndicated loan for the project was RMB4,465 million. In 2021, China Construction Bank Corporation (Sichuan Branch) and China Development Bank (Sichuan Branch) as leaders formed a bank consortium with other three banks carrying out businesses in the PRC, which signed a loan contract with the Group for a medium-long term loan of RMB6,920 million. As of 30 June 2022, the balance of the syndicated loan for the project was RMB180 million. The two aforesaid loans are specially used for Chengle Expressway Expansion Construction Project.

In 2020, China Construction Bank Corporation (Sichuan Branch) and China Merchants Bank Co., Ltd. (Chengdu Branch) as leaders formed a consortium with other five banks carrying out businesses in the PRC, which signed a loan contract with the Group for a medium-long term loan of RMB6,948 million. Such loan is specially used for construction of the Tianqiong Expressway BOT Project. As of 30 June 2022, the balance of the syndicated loan for the project was RMB957 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Pledge of Assets

As at 30 June 2022, the concession right of the Group to collect toll pertaining to Chengle Expressway with net carrying value of RMB8,842,250,000 (31 December 2021: RMB7,911,826,000) was pledged to secure the syndicated loan amounting to RMB4,645,230,000 (31 December 2021: RMB4,385,230,000); the concession right to collect toll pertaining to Chengren Expressway with net carrying value of RMB6,197,187,000 (31 December 2021: RMB6,290,814,000) was pledged to secure the syndicated loan amounting to RMB1,746,348,000 (31 December 2021: RMB1,828,353,000); the concession right to collect toll pertaining to Suiguang-Suixi Expressways with net carrying value of RMB11,220,236,000 (31 December 2021: RMB11,312,363,000) was pledged to secure the syndicated loan amounting to RMB7,010,000,000 (31 December 2021: RMB7,210,000,000); the concession right to collect toll pertaining to Tianqiong Expressway with net carrying value of RMB1,864,633,000 (31 December 2021: RMB1,319,033,000) was pledged to secure the bank loans amounting to RMB957,000,000 (31 December 2021: RMB667,000,000); loans to customers with net carrying value of RMB1,635,254,000 (31 December 2021: RMB1,864,177,000) were used for the pledge of interest-bearing bank and other loans amounting to RMB999,881,000 (31 December 2021: RMB1,211,287,000).

Save as disclosed above, the Group did not have any other contingent liabilities, pledge of assets or guarantees as at 30 June 2022.

III. BUSINESS DEVELOPMENT PLAN

Based on our forecast and judgement of the future economic situation, policy environment and development of the industry and our business in the second half of 2022, we have formulated the following work plan with a focus on the basic development idea of “14th Five-Year” Plan and business objectives for the year of 2022:

1. **Focusing on Development Planning and Accumulating Energy In Consensus**

Focusing on the development of highway investment, construction and operation and green energy.

Firstly, the Company will continue to deepen the operation of expressways and expand the economy along the lines (service areas, gas stations, urban and rural infrastructure, multimodal transport, etc.), actively explore various investment methods such as capacity expansion and reconstruction of existing road products, acquisition of new road products, acquisition of high-quality and completed road products, and continue to expand and strengthen the core main business of expressway. Through business innovation and mode innovation, the Company will lay stress on differentiated competitive advantages, and continue to make efforts around the construction of characteristic service areas, the acquisition of road infrastructure projects, the layout of energy business and the construction of multimodal transport service system.

Secondly, the Company will vigorously cultivate green energy industry. Relying on the road network, public places and specific scenes, the Company will comprehensively lay out the business of “charging, battery bank + power exchange and hydrogen energy”, expand the upstream and downstream cooperation of the green energy industry chain, research and development and application of deep dive technology, and strive to build an industrial ecosystem that integrates new energy infrastructure with low-carbon transportation, green construction equipment and intelligent construction technology.

2. Focusing on Improving Quality and Efficiency and Developing Steadily in Boosting Operation Efficiency

The Company will focus on the quality and efficiency by exploring mechanism to redirect traffic and improve efficiency of expressway through multi-channel and widely and deeply promoting the reformation of system and mechanism of market. The Company will widen the project channel and enrich the project reserves to strengthen the function of fund for investing in key projects. The Company will improve the operation of import, sales, inventories of oil products to prepare for the golden period promotion and realize the improvement of quality and efficiency. The Company will develop new market business of multi-model united transportation and comprehensively consider reserve project to increase the scale of operation income.

3. Focusing on Strengthening the Management by Increasing Efficiency of Management through Unfolding Internal Potential

The Company will innovate methods of management and control through authorization and decentralization and balance the risk prevention and efficiency improvement. The Company will strengthen financial management by establishing comprehensive budget, strictly controlling cost and expenses and improving the economic efficiency. The Company will complete risk prevention and control system by continuously improving the collaborative and efficient supervising mechanism and ensuring the Company to operate in accordance with the laws and regulations. The Company will strengthen the special supervision, strive to improve the progress of important project, implement the management of issues, and make judgement on special topic.

4. Focusing on Optimizing the Assessment and Motivation through the Sound Incentive and Constraint Mechanism

The Company will strengthen the assessment of performance and allocation of remuneration by improving the incentive and constraint mechanism, amending the system to assess the performance, setting performance target scientifically, improving the details of assessment and bringing the operation performance assessment into full play.

5. Focusing on Safety and Environmental Protection to Develop Steadily while Firmly Holding the Red Line

The Company will work on the normal prevention and control of pandemic by insisting on scientific and precise prevention and control, particularly focusing on the prevention work on expressway, in construction site and office area. The Company values the production safety and environmental protection. The Company will strengthen the inspection of hidden safety issue comprehensively, prevent various incidents with maximum effort, and continue to strengthen the concept of environmental protection in compliance with the system, in order to comply with law on disposal of sewage, soil and slag.

OTHER SIGNIFICANT EVENTS

I. PROFIT DISTRIBUTION

1. 2022 Interim Dividend

The Board of the Company resolved not to pay an interim dividend for the six months ended 30 June 2022 nor transfer capital reserve into share capital.

2. Profit Distribution Plan for the Year 2021 and its Implementation

As approved at the 2021 AGM of the Company, the Company paid a cash dividend of RMB0.11 per Share (tax inclusive) calculated based on the total share capital of 3,058,060,000 Shares as at the end of 2021, amounting to an aggregate of approximately RMB336,390,000 (tax inclusive), on 15 June and 14 July 2022 to holders of A Shares and holders of H Shares respectively, representing 39.63% of the distributable profit (calculated according to China Accounting Standards) earned by the Company for 2021, and 18.00% of the profit (calculated according to China Accounting Standards) attributable to the owners of the Company in the consolidated financial statements for 2021.

OTHER SIGNIFICANT EVENTS (CONTINUED)

II. MATERIAL ACQUISITION AND DISPOSAL

1. Disposal of 5% Equity Interests of Sichuan Transportation Construction Group Co., Ltd.

On 20 October 2021, Sichuan Expressway Construction and Development Group Co., Ltd., Sichuan Tibetan Area Expressway Co., Ltd., Sichuan Port and Channel Development Co., Ltd. and the Company (jointly as the vendors) and Sichuan Road and Bridge (Group) Co., Ltd. (“Sichuan Road and Bridge”) (as the purchaser) entered into the Original Disposal Agreement, pursuant to which, the Company agreed to sell 5% equity interests (the “Sale Equity”) of Sichuan Transportation Construction Group Co., Ltd. (the “Target Company”). On 3 March 2022, the parties to the original disposal agreement entered into the supplemental agreement to the original disposal agreement, including the termination of the transaction between the Company and Sichuan Road and Bridge in relation to the disposal of the Sale Equity under the original disposal agreement and the release and discharge of the Company from its obligations under the original disposal agreement. The Company and Sichuan Road and Bridge have entered into a separate equity transfer agreement in respect of the disposal of the Sale Equity. Meanwhile, the Company has waived the pre-emptive rights in respect of the disposal of a total of 95% equity interests in the Target Company. At the same time, on 3 March 2022, the Company (as the vendor), Sichuan Road and Bridge (as the purchaser) and Shudao Investment (as performance committed person and guarantor of the Target Company) entered into the new disposal agreement. The Company conditionally agreed to sell and Sichuan Road and Bridge conditionally agreed to

OTHER SIGNIFICANT EVENTS (CONTINUED)

purchase the Sale Equity for a consideration of RMB369,195,000 in cash, and the parties also agreed that Shudao Investment guarantees the performance of the Target Company and undertakes to compensate Sichuan Road and Bridge for any unfulfilled committed performance.

2. Acquisition of the Charging Stations and their Ancillary Facilities of Jiaotou New Energy

On 13 June 2022, Shudao New Energy Company, a wholly-owned subsidiary of the Company, entered into the Asset Transfer Agreement with Sichuan Jiaotou New Energy Co., Ltd. (“Jiaotou New Energy”), an indirect subsidiary of Shudao Investment, pursuant to which, Shudao New Energy Company agreed to acquire, and Jiaotou New Energy agreed to sell the public charging stations and their ancillary facilities that have been constructed and put into operation including charging facilities in 42 service areas alongside 17 expressways in Sichuan Province, with a total of approximately 341 charging piles, 624 charging plugs and 5 trademarks (the “Target Assets”) for which trademark registration procedures have been completed, the total cash consideration calculated based on the appraised value of RMB80,224,700 of the Target Assets as at the valuation benchmark date of 31 December 2021. Subject to certain audited adjustments during the transition period, the final consideration will not exceed RMB85,840,000 (tax exclusive).

OTHER SIGNIFICANT EVENTS (CONTINUED)

3. Disposal of 44.95% Equity Interests of Chengyu Financial Leasing Company Limited

On 30 June 2022, the Company entered into the equity transfer agreement with Shudao Capital, pursuant to which, the Company agreed to dispose of and Shudao Capital agreed to purchase 44.95% of the equity interest in Chengyu Financial Leasing Company at a cash consideration of RMB296.67 million.

There was no material acquisition or disposal carried out by the Group and its associated companies during the Reporting Period.

III. EMPLOYEES, REMUNERATION AND TRAINING

As at 30 June 2022, details of the Group's employees were as follows:

Number of in-service employees of the Company (including its branches)	2,342
Number of in-service employees of major subsidiaries	1,830
Total number of in-service employees	4,172
Number of retired employees for which the Company (including its branches) and its major subsidiaries are liable to bear costs	Nil

OTHER SIGNIFICANT EVENTS (CONTINUED)

Composition of Expertise

Type of Expertise	Number of employees
Production	2,860
Sales	15
Technical	556
Financial	138
Administrative	603
Total	<u>4,172</u>

Education Level

Type of Education Level	Number of employees
Postgraduate	201
University graduate	1,436
Junior college graduate	1,667
Technical secondary school and below	868
Total	<u>4,172</u>

OTHER SIGNIFICANT EVENTS (CONTINUED)

1. **Employees' Remuneration**

The total remuneration of the Company's employees is linked to the operating results of the Company. Employees' salaries comprise basic salaries, which are determined based on their individual position and length of service, and performance-based bonus. During the Reporting Period, employees' salaries incurred by the Group amounted to approximately RMB278,904,000, of which approximately RMB152,994,000 was for the employees of the Company (including its branches).

2. **Employees' Insurance and Welfare**

The Company cherishes employees and protects their lawful interests. The Company has improved various types of social insurance for employees in strict compliance with all applicable PRC labor security policies. Expenses for various types of social insurances for retirement, healthcare, unemployment, work related injury, childbirth, catastrophic illness and accident have been paid in full by the Company for the employees. Meanwhile, the Company has made contributions to the housing provident fund and enterprise annuity fund for the employees in compliance with the requirements under applicable laws and policies.

OTHER SIGNIFICANT EVENTS (CONTINUED)

3. Staff Training

The Company places high importance on staff training and provides trainings of various aspects and types to improve the comprehensive quality and business standard of its staff. During the Reporting Period, the Company has organized various centralized and specific trainings such as job-specific skills for technicians and continuing education for professional technical staff. A total of 12,532 attendances of employees of the Company (including its branches) were recorded for the above training courses.

IV. CORPORATE GOVERNANCE

1. Corporate Governance

Since establishment, the Company has set up a corporate governance structure comprising the general meeting, the Board, the Supervisory Committee and the management, and has conducted on-going review and improvement of such structure in practice. To date, the Company has successively established special committees under the Board, including the Audit Committee, the Strategic Committee, the Nomination Committee and the Remuneration and Appraisal Committee. The Company has also adopted an independent internal audit system, established a relatively comprehensive risk management and internal control system and formulated multi-tier governance rules based on the Articles of Association, aiming at clearly defining the duties, authority and code of conduct for all parties. In accordance with laws, regulations and the governance rules, the general meeting, the Board, the Supervisory Committee

OTHER SIGNIFICANT EVENTS (CONTINUED)

and the management of the Company discharge their own duties, coordinate with each other and effectively counter-balance each other, and continuously enhance corporate governance standards, thereby laying a solid foundation for driving the Company's development and maximizing value for the Shareholders.

2. Corporate Governance Code

As a listed company with both A Shares and H Shares, in addition to complying with the applicable laws and regulations, the Company is also required to comply with the requirements of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules of the Stock Exchange and the Code of Corporate Governance for Listed Companies of the CSRC regarding the practice of corporate governance. During the Reporting Period and as of the date of this announcement, the Company has been in compliance with the Code of Corporate Governance for Listed Companies in all major respects in terms of corporate governance, and has adopted and fully complied with the requirements of the Corporate Governance Code.

OTHER SIGNIFICANT EVENTS (CONTINUED)

3. Audit Committee

As at 30 June 2022, the Audit Committee of the Company comprises three independent non-executive Directors including Madam Bu Danlu, Madam Liu Lina and Mr. Yan Qixiang, all of whom are all professionals experienced in finance and transportation fields. The Audit Committee has reviewed and confirmed the unaudited interim condensed financial information and interim results report of the Group for the half year ended 30 June 2022.

4. Model Code for Securities Transactions by Directors and Supervisors

During the Reporting Period, the Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms not less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules of the Stock Exchange. Having made specific enquiries of all Directors and Supervisors of the Company, it was confirmed that all Directors and Supervisors have complied with the Model Code in relation to securities transactions by the Directors and Supervisors and the Company's own code of conduct and there had not been any non-compliance with the relevant requirements of the Model Code.

OTHER SIGNIFICANT EVENTS (CONTINUED)

V. COMPLIANCE WITH THE LISTING RULES

The Company failed to comply with the following requirements during the period from 22 March 2022 to 14 June 2022:

1. Rule 3.05 of the Listing Rules provides that an issuer shall appoint two authorised representatives.
2. Rule 3.28 of the Listing Rules provides that an issuer must appoint an individual as its company secretary who, in the opinion of the Stock Exchange, is capable of discharging the functions of company secretary of the listed issuer by virtue of his/her academic or professional qualifications or relevant experience.

As of the end of the Reporting Period, the Company has complied with the relevant rules.

OTHER SIGNIFICANT EVENTS (CONTINUED)

VI. MEMBERS OF THE BOARD

As at the date of this report, the Board comprises Mr. Gan Yongyi (Chairman), Mr. Li Wenhui (Vice Chairman), Madam Ma Yonghan and Mr. You Zhiming as executive Directors, Mr. Liu Changsong (Vice Chairman) and Mr. Li Chengyong as non-executive Directors, and Mr. Yu Haizong, Madam Liu Lina, Mr. Yan Qixiang and Madam Bu Danlu as independent non-executive Directors.

By order of the Board

Sichuan Expressway Company Limited*

Yao Jiancheng

Joint Company Secretary

Chengdu, Sichuan Province, the PRC
25 August 2022

EVENTS AFTER THE REPORTING PERIOD

1. CHANGES OF DIRECTORS

On 25 July 2022, Madam Liu Lina tendered her resignation from the positions as an independent non-executive Director of the seventh session of the Board and a member of the Strategic Committee and the Audit Committee, the chairman of the Remuneration and Appraisal Committee under the Board of the Company in accordance with the Rules for Independent Directors of Listed Companies issued by the CSRC and the Articles of Association of the Company regarding the term of office of independent Directors. The resignation will take effect upon supplementary election of new independent non-executive Director at the general meeting of the Company. During this period, Madam Liu Lina will continue to perform her duties as an independent non-executive Director and in the relevant special committees under the Board. Madam Liu Lina's resignation was approved on 30 August 2022 (the date of the supplementary election of new independent non-executive Directors at the general meeting of the Company).

On 28 July 2022, Mr. You Zhiming resigned as the deputy general manager while still being a Director of the Company.

On 9 August 2022, Mr. He Zhuqing resigned as an executive Director of the Company due to adjustment of his career commitments.

EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

On 9 August 2022, upon the consideration and approval of the twenty-fifth meeting of the seventh session of the Board of the Company, Madam Xue Min was proposed to be appointed as an executive Director, Mr. Chen Chaoxiong was proposed to be appointed as a non-executive Director and Mr. Zhang Qinghua was proposed to be appointed as an independent non-executive Director of the seventh session of the Board of the Company. The appointments would become effective from the date the elections are approved until the expiry of the term of office of the seventh session of the Board of the Company. The above matters have been considered and approved at the fourth extraordinary general meeting of the year held by the Company on 30 August 2022.

II. DISPOSAL OF 44.95% EQUITY INTERESTS IN CHENGYU FINANCIAL LEASING COMPANY LIMITED

We refer to the announcements of the Company dated 30 June 2022 and 30 August 2022 respectively. The Company entered into the equity transfer agreement with Shudao Capital, pursuant to which, the Company agreed to dispose of and Shudao Capital agreed to purchase 44.95% equity interests in Chengyu Financial Leasing Company at a cash consideration of RMB296.67 million. The above transaction has been considered and approved at the extraordinary general meeting of the Company dated 30 August 2022.

By order of the Board
Sichuan Expressway Company Limited*
Yao Jiancheng
Joint Company Secretary

Chengdu, Sichuan Province, the PRC
30 August 2022