



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

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

Stock Code: 1785

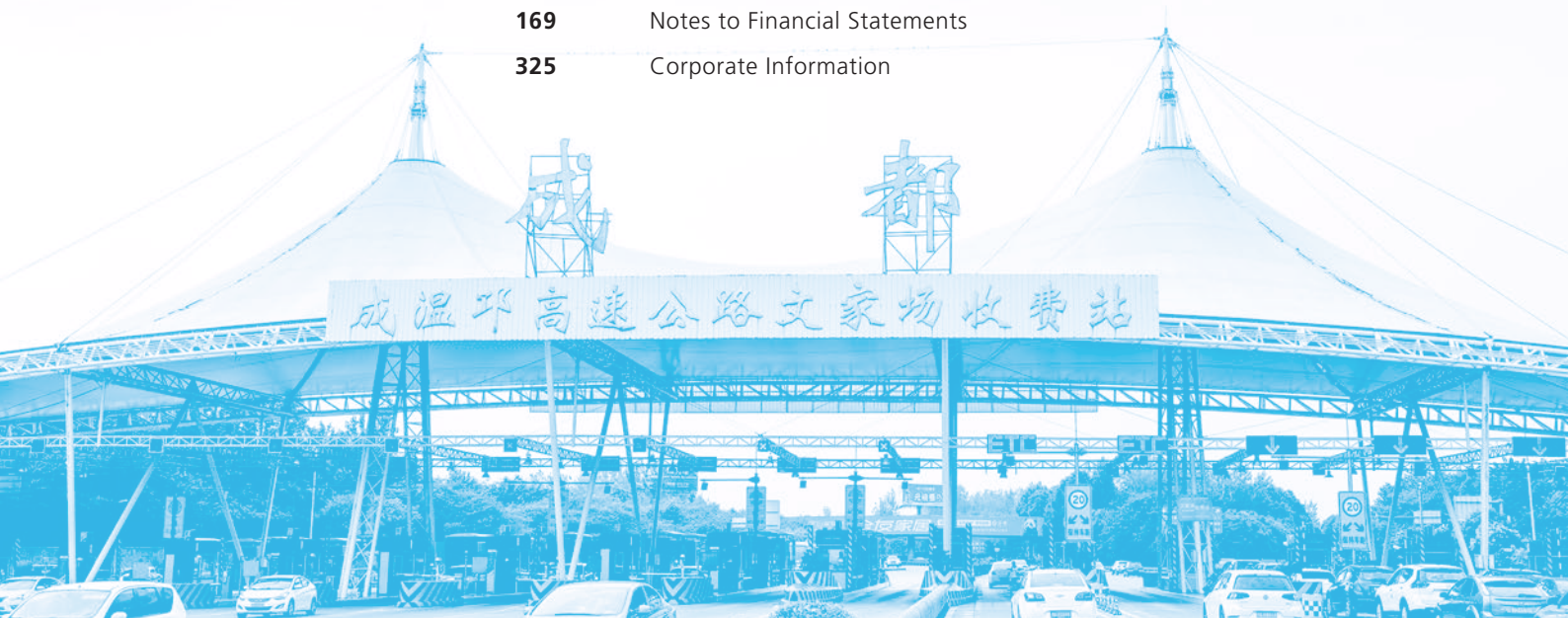


2022
ANNUAL REPORT

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DEFINITIONS

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

“A-share Prospectus”	the prospectus in relation to the initial public offering of Renminbi-denominated ordinary shares (A shares) and listing the same on the main board of the SSE (application proof)
“AGM”	the annual general meeting of the Company to be held on 12 May 2023
“Articles of Association”	the articles of association of the Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company
“charging pile(s)”	charging equipment that provides charging service for electric vehicles, primarily including floor-mounted charging piles and wall-mounted charging piles with fees to be charged based on the time, power consumption or pre-determined price for charging
“Chengbei Exit Expressway Company”	Chengdu Chengbei Exit Expressway Co., Ltd. (成都城北出口高速公路有限公司), a company incorporated in the PRC with limited liability, which is an associate of the Company with 40% of its equity interests held by the Company
“Chengdu Airport Expressway Company”	Chengdu Airport Expressway Co., Ltd. (成都機場高速公路有限責任公司), a company incorporated in the PRC with limited liability, which is a non-wholly-owned subsidiary of the Company with 55% of its equity interests held by the Company
“Chengdu Communications Investment”	Chengdu Communications Investment Group Co., Ltd. (成都交通投資集團有限公司), a company incorporated in the PRC with limited liability on 16 March 2007, which is one of the controlling shareholders of the Company
“Chengdu Communications Investment Group”	Chengdu Communications Investment and its subsidiaries, excluding the Group for the purpose of the section headed “Directors’ Report”
“Chengdu Expressway Construction”	Chengdu Expressway Construction and Development Co., Ltd. (成都高速公路建設開發有限公司), a company incorporated in the PRC with limited liability, which is one of the controlling shareholders of the Company
“Chengdu Jiaoyun CNG”	Chengdu Jiaoyun Compressed Natural Gas Development Co., Ltd. (成都交運壓縮天然氣發展有限公司), a company incorporated in the PRC with limited liability and a 25%-owned associate of Energy Development Company
“Chengdu Jiuhe”	Chengdu Jiuhe Oil Management Co., Ltd. (成都九河石油經營有限公司), a company incorporated in the PRC with limited liability and a 43%-owned associate of Energy Development Company

DEFINITIONS

“Chengdu Teld”	Chengdu Teld New Energy Co., Ltd. (成都特來電新能源有限公司), a company incorporated in the PRC with limited liability and a 16%-owned associate of Energy Development Company
“Chengdu Tongneng”	Chengdu Tongneng Compressed Natural Gas Co., Ltd. (成都通能壓縮天然氣有限公司), a company incorporated in the PRC with limited liability and a 30%-owned associate of Energy Development Company
“Chengguan Expressway Company”	Chengdu Chengguan Expressway Co., Ltd. (成都成灌高速公路有限責任公司), a company incorporated in the PRC with limited liability on 25 August 1998, the predecessor of the Company
“Chengming Expressway Company”	Sichuan Chengming Expressway Co., Ltd. (四川成名高速公路有限公司), a company incorporated in the PRC with limited liability, which is a non-wholly owned subsidiary of the Company with 51% of its equity interests held by the Company
“Chengpeng Expressway Company”	Chengdu Chengpeng Expressway Co., Ltd. (成都成彭高速公路有限責任公司), a company incorporated in the PRC with limited liability, which is a wholly-owned subsidiary of the Company
“Chengwenqiong Expressway Company”	Chengdu Chengwenqiong Expressway Co., Ltd. (成都成溫邛高速公路有限公司), a company incorporated in the PRC with limited liability, which is a wholly-owned subsidiary of the Company
“Chengyu Expressway Company”	Sichuan Expressway Company Limited (四川成渝高速公路股份有限公司), a joint stock company incorporated in the PRC with limited liability, a substantial shareholder of Chengdu Airport Expressway Company and a controlling shareholder of Chengbei Exit Expressway Company
“CNG”	compressed natural gas
“Communications Investment Energy”	Chengdu Communications Investment Energy Development Co., Ltd. (成都交投能源發展有限公司), a company incorporated in the PRC with limited liability, which is a subsidiary of Energy Development Company with 55% of its equity interests held by Energy Development Company
“Company”	Chengdu Expressway Co., Ltd. (成都高速公路股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed and traded on the Stock Exchange
“Company Law”	the Company Law of the PRC (《中華人民共和國公司法》)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules, in this report refers to Chengdu Communications Investment and Chengdu Expressway Construction
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
“Energy Development Company”	Chengdu Energy Development Co., Ltd. (成都能源發展股份有限公司), a joint stock company incorporated in the PRC with limited liability, which is held by the Company as to 94.49% (its remaining 5.51% equity interests are held by Chengdu Communications Investment Property Company Limited, an indirect wholly-owned subsidiary of Chengdu Communications Investment) and became a non-wholly-owned subsidiary of the Company on 12 August 2020
“Energy Operation”	Chengdu Communications Investment Energy Operation and Management Co., Ltd. (成都交投能源經營管理有限公司), a company incorporated in the PRC with limited liability and a 100%-owned subsidiary of Energy Development Company
“GDP”	gross domestic product
“Group”	the Company and its subsidiaries from time to time
“H Share(s)”	overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and are approved to be listed and traded on the Stock Exchange
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Huamin Petrol Station”	Chengdu Huamin Municipal Petrol Station (成都市華民市政加油站), a collectively-owned enterprise incorporated in the PRC, which is wholly-owned by Chengdu Communications Investment and currently under entrusted management by Energy Operation

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“MOT”	Ministry of Transport of the People’s Republic of China
“New Energy Company”	Chengdu Communications Investment New Energy Industrial Development Co., Ltd. (成都交投新能源產業發展有限公司), a company incorporated in the PRC with limited liability, which is an associate of Energy Development Company with 51% of its equity interest held by Energy Development Company
“Operation Company”	Chengdu Expressway Operation Management Co., Ltd. (成都高速運營管理有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company with 100% of its equity interests held by the Company
“PetroChina”	PetroChina Company Limited (中國石油天然氣股份有限公司), a joint stock company incorporated in the PRC with limited liability
“PetroChina Chengdu Sales Branch”	PetroChina Company Limited Sichuan Chengdu Sales Branch (中國石油天然氣股份有限公司四川成都銷售分公司), a branch of PetroChina
“PetroChina Sichuan Sales Branch”	PetroChina Company Limited Sichuan Sales Branch (中國石油天然氣股份有限公司四川銷售分公司), a branch of PetroChina
“Prospectus”	the prospectus of the Company dated 28 December 2018
“refined oil”	petrol and diesel oil
“Reporting Date”	the date on which the 2022 annual report of the Company was approved by the Board, being 27 March 2023
“Reporting Period”	the year ended 31 December 2022
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the share(s) of the Company, including Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s) of the Company

DEFINITIONS

“Shiling Petrol Station”	Chengdu Municipal Shiling Petrol Station (成都市市政十陵加油站), a collectively-owned enterprise incorporated in the PRC, which is wholly-owned by Huamin Petrol Station and currently under entrusted management by Energy Operation
“Sinopec Chengdu Energy”	Sinopec Chengdu Energy Co., Ltd. (中石化成都能源有限公司), a company incorporated in the PRC with limited liability and a joint venture company with 50% of its equity interest held by Energy Development Company
“SSE”	the Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Tongneng Jinfu”	Chengdu Tongneng Jinfu Natural Gas Co., Ltd. (成都通能金府天然氣有限公司), a company incorporated in the PRC with limited liability and a 100%-owned subsidiary of Chengdu Tongneng
“Xinhua Petrol Station”	Chengdu Xinhua Petrol Station (成都市新華加油站), a wholly people-owned enterprise (全民所有制企業) incorporated in the PRC, which is wholly-owned by Chengdu Communications Investment and currently under entrusted management by Energy Operation
“Zhenxing Company”	Chengdu Expressway Zhenxing Development Co., Ltd. (成都高速振興發展有限責任公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company with 80% of its equity interests held by the Company
“Zhongyou Energy”	Chengdu Zhongyou Energy Co., Ltd. (成都中油能源有限公司), a company incorporated in the PRC with limited liability, which is a subsidiary of Energy Development Company with 51% of its equity interests held by Energy Development Company
“Zhongyou Jieneng”	Zhongyou Jieneng (Chengdu) Environmental Protection Technology Co., Ltd. (中油潔能(成都)環保科技有限公司), a company incorporated in the PRC with limited liability, which is a subsidiary of Chengdu Tongneng with 52.51% of its equity interest held by Chengdu Tongneng

DEFINITIONS

GLOSSARY OF TECHNICAL TERMS

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

GROUP PROFILE

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

The “expressway” segment constitutes the traditional principal business of the Group. As at the Reporting Date, the Group owned 5 expressways, i.e., Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Qiongming Expressway and Chengdu Airport Expressway, covering a total network mileage of 192.02 kilometres. In addition, the Company undertook the operation and management business of Chengdu Tianfu International Airport Expressway (“Tianfu Airport Expressway”) and Pujiang-Dujiangyan Section of Chengdu Economic Zone Ring Expressway (“Pudu Expressway”), upon which, the total mileage (inclusive of the sections under entrusted management) of expressways operated by the Group reached 381.69 kilometres. Located strategically in areas adjacent to Chengdu, expressways operated and invested by the Group are an integral part to the expressway network surrounding Chengdu which connect several districts with abundant economic, cultural and tourism resources. In recent years, the expressways operated and managed by the Group and its service teams have secured remarkable performance in security and quality service.

The “energy” segment was consolidated into the Group on 12 August 2020, where Energy Development Company acts as the investor to conduct operation of refined oil and CNG through its subsidiaries, joint venture and associates. As of the Reporting Date, 23 petrol stations of the Group were in operation, 3 petrol stations and 4 gas stations of the Group were in construction (including those completed but yet to commence operation), and 3 petrol stations, i.e. Xinhua Petrol Station, Huamin Petrol Station and Shiling Petrol Station were under entrusted operation and management by Energy Operation. All of such petrol stations and gas stations are located in and around Chengdu, Sichuan Province.

As at the end of the Reporting Period, total assets of the Group reached RMB9.127 billion.

GROUP PROFILE

OVERVIEW OF THE “EXPRESSWAY” SEGMENT

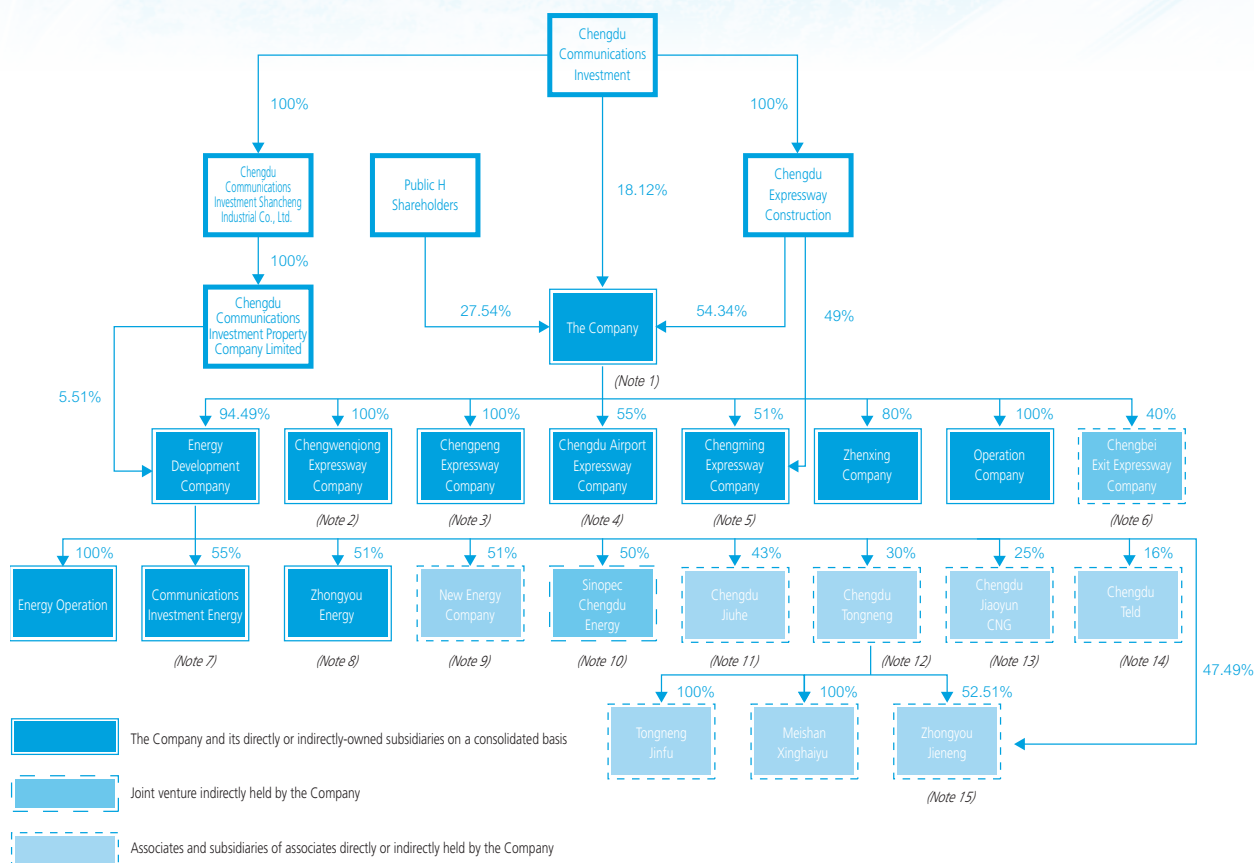
- Chengguan Expressway is a major part of the G4217 national expressway and a key section connecting Sichuan Province with Gansu Province, Qinghai Province and Tibet. It is also the main road to access Dujiangyan, a historic city, Qingcheng Mountain, Jiuzhai Valley, Huanglong and other tourist attractions and connects most of the catalogued UNESCO World Heritage Sites located in Sichuan Province.
- Chengpeng Expressway is a major part of the S105 provincial expressway, which is a key component of the radial-shaped road network surrounding Chengdu and the main route connecting Chengdu to north areas of Sichuan Province.
- Chengwenqiong Expressway is a major part of the S8 provincial expressway and is of economic and cultural significance to western Chengdu. It is also the only expressway gateway within the region that connects Wenjiang, Chongzhou, Dayi, Qionglai and other major satellite cities of Chengdu.
- Chengdu Airport Expressway is a major part of the S6 provincial expressway and the main expressway to Chengdu Shuangliu International Airport from downtown Chengdu.
- Qiongming Expressway is a major part of the S8 provincial expressway and an extension of Chengwenqiong Expressway. It connects to Yunnan Province via Chengya Expressway (成雅高速公路) – Yaxi Expressway (雅西高速公路) – Xipan Expressway (西攀高速公路) and to the Tibetan region via Chengya Expressway (成雅高速公路) – Yakang Expressway (雅康高速公路) – G318 national expressway.

OVERVIEW OF THE “ENERGY” SEGMENT

Within the energy segment of the Group, Energy Development Company acts as the investor to conduct operation of refined oil and CNG through its subsidiaries, joint venture and associates. As of the Reporting Date, Energy Development Company has 3 subsidiaries, being Zhongyou Energy, Communications Investment Energy and Energy Operation, and 9 joint venture and associates, including Sinopec Chengdu Energy and Chengdu Tongneng through direct and indirect shareholding.

GROUP STRUCTURE

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



The table below sets forth certain key operating data of the expressways owned by the Group as at the Reporting Date:

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

GROUP STRUCTURE

The table below sets forth certain operation information of subsidiaries of Energy Development Company as at the Reporting Date:

Company Name	Date of Incorporation	Principal Business	Number of Stations Operated (In Operation)
Zhongyou Energy	19 June 2009	Refined oil	17 petrol stations
Communications Investment Energy	15 November 2010	Refined oil	5 petrol stations
Energy Operation	18 December 2020	Operation of refined oil and CNG	4 petrol stations (including 3 petrol stations under entrusted operation and management)

Notes:

As of the Reporting Date:

1. The Company holds 100% interests in Chengguan Expressway.
2. The Company holds 100% interests in Chengwenqiong Expressway through Chengwenqiong Expressway Company.
3. The Company holds 100% interests in Chengpeng Expressway through Chengpeng Expressway Company.
4. The Company holds 55% interests in Chengdu Airport Expressway through Chengdu Airport Expressway Company and its remaining 45% interests are held by Chengyu Expressway Company and Sichuan Xinneng Real Estate Limited (四川新能置業有限公司) as to 25% and 20%, respectively.
5. The Company holds 51% interests in Qiongming Expressway through Chengming Expressway Company and its remaining 49% equity interests are held by Chengdu Expressway Construction.
6. The Company holds 40% interests in Chengbei Exit Expressway through Chengbei Exit Expressway Company, an associate and its remaining 60% interests are held by Chengyu Expressway Company.

GROUP STRUCTURE

7. Communications Investment Energy is held as to 55% by Energy Development Company, and its remaining 45% equity interests are held by Yanchang Shell (Sichuan) Petroleum Co., Ltd. (延長殼牌(四川)石油有限公司).
8. Zhongyou Energy is held as to 51% by Energy Development Company, and its remaining 49% equity interests are held by PetroChina.
9. New Energy Company is held as to 51% by Energy Development Company, and its remaining 49% equity interests are held by Sichuan Shudian Corporation (四川蜀電集團有限公司) and Chengdu Bus Asset Management Co., Ltd. (成都公交資產經營管理有限公司) as to 34% and 15%, respectively.
10. Sinopec Chengdu Energy is held as to 50% by Energy Development Company, and its remaining 50% equity interests are held by Sinopec Sales Company Limited (中國石化銷售股份有限公司).
11. Chengdu Jiuhe is held as to 43% by Energy Development Company, and its remaining 57% equity interests are held by Chengdu Rongtai Industry Corporation (成都榮泰實業總公司).
12. Chengdu Tongneng is held as to 30% by Energy Development Company, and its remaining 70% equity interests are held as to 55% and 15% by Chengdu Zhengtong Hengsheng Enterprise Management Co., Ltd. (成都正通恆盛企業管理有限公司) and Chengdu Luneng Compressed Natural Gas Co., Ltd. (成都魯能壓縮天然氣有限責任公司), respectively.
13. Chengdu Jiaoyun CNG is held as to 25% by Energy Development Company, and its remaining 75% equity interests are held as to 20%, 20% and 35% by Chengdu Zhengkun Technology Co., Ltd. (成都正昆科技有限責任公司), PetroChina and Chengdu Bus Compressed Natural Gas Co., Ltd. (成都公交壓縮天然氣股份有限公司), respectively.
14. Chengdu Teld is held as to 16% by Energy Development Company, and its remaining 84% equity interests are held by Teld New Energy Co., Ltd. (特來電新能源股份有限公司) and Chengdu Advanced Manufacturing Industry Investment Co., Ltd. as to 66% and 18%, respectively.
15. Zhongyou Jieneng is held as to 47.49% by Energy Development Company, and its remaining 52.51% equity interests are held by Chengdu Tongneng.

MAJOR EVENTS DURING THE REPORTING PERIOD

SUCCESSFUL ISSUANCE OF THE ULTRA-SHORT-TERM DEBENTURES

On 31 May 2022, to optimise the financial structure for the purpose of reducing cost of funds, expanding financing channels and satisfying the requirements for operation and development, the Company successfully issued the 2022 first tranche of ultra-short-term debentures in an amount of RMB300 million, for a term of 270 days and at a coupon rate of 2.37%, which demonstrated the recognition of the Company among investors, strengthened the Company's confidence in adopting further direct fund-raising approaches, and marked a milestone for the Company in the debt financing field. For details, please refer to the announcement of the Company dated 31 May 2022.

CAPITAL INCREASE IN HUITONG FINANCIAL LEASING

On 21 June 2022, the Company and Chengdu Communications Investment, Shandong Publishing Group Co., Ltd. (山東出版集團有限公司), Inspur Group Co., Ltd. (浪潮集團有限公司) and Shandong Airport Management Group Co., Ltd. (山東省機場管理集團有限公司), and Shandong Huitong Financial Leasing Co., Ltd. (山東匯通金融租賃有限公司) ("Huitong Financial Leasing") entered into the capital increase agreement, pursuant to which, the Company agreed to make cash contribution of RMB70 million to Huitong Financial Leasing. Upon completion of the capital increase, the Company would hold 1.6% equity interests in Huitong Financial Leasing. The capital increase will strengthen the business collaboration with Huitong Financial Leasing, diversify the Company's financing channels and meet certain capital requirements for development of the Company. For details, please refer to the announcement of the Company dated 21 June 2022.

CHANGE OF DIRECTORS, SHAREHOLDER REPRESENTATIVE SUPERVISOR AND MEMBERS OF BOARD COMMITTEES

On 9 September 2022: (i) Ms. Wang Xiao resigned as an executive Director and a member of the strategy and development committee of the Board; (ii) Mr. Zhang Dongmin resigned as an executive Director; (iii) Mr. Shu Wa Tung, Laurence resigned as an independent non-executive Director, chairman of the audit and risk management committee of the Board and a member of the strategy and development committee of the Board; (iv) Mr. Ye Yong resigned as an independent non-executive Director, chairman of the remuneration and evaluation committee of the Board, a member of the audit and risk management committee of the Board and a member of the nomination committee of the Board; (v) Mr. Li Yuanfu resigned as an independent non-executive Director, a member of the remuneration and evaluation committee of the Board and a member of the nomination committee of the Board; and (vi) Ms. Wu Haiyan, a shareholder representative Supervisor, resigned as a shareholder representative Supervisor. All the above resignations took effect from the date on which their successors were appointed at the extraordinary general meeting of the Company held on 30 September 2022.

MAJOR EVENTS DURING THE REPORTING PERIOD

On 30 September 2022, upon consideration and approval at the extraordinary general meeting of the Company, Mr. Ding Dapan was appointed as an executive Director of the second session of the Board, Ms. Wu Haiyan was appointed as a non-executive Director of the second session of the Board, Mr. Leung Chi Hang Benson, Mr. Qian Yongjiu and Mr. Wang Peng were appointed as independent non-executive Directors of the second session of the Board; and Mr. Zhang Chengyi was appointed as a shareholder representative Supervisor of the second session of the Supervisory Committee. On the same date, Mr. Xiao Jun ceased to serve as chairman of the nomination committee of the Board due to work rearrangement, and Mr. Luo Dan ceased to serve as a member of the remuneration and evaluation committee of the Board due to work rearrangement, while Mr. Leung Chi Hang Benson and Mr. Wang Peng were appointed as the chairman and member of the audit and risk management committee of the Board, respectively, Mr. Qian Yongjiu and Mr. Wang Peng were appointed as the chairman and member of the nomination committee of the Board, respectively, Mr. Wang Peng, Mr. Qian Yongjiu and Ms. Wu Haiyan were appointed as the chairman and members of the remuneration and evaluation committee of the Board, respectively; and Mr. Leung Chi Hang Benson and Mr. Qian Yongjiu were appointed as members of the strategy and development committee of the Board, respectively.

For details, please refer to the announcements of the Company dated 9 September 2022 and 30 September 2022.

APPLICATION FOR INITIAL PUBLIC OFFERING OF A SHARES, AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND RELEVANT RULES OF PROCEDURE, AND FORMULATION OF AND AMENDMENTS TO OTHER RELATED CORPORATE GOVERNANCE RULES

In due consideration of its actual operation conditions and future development strategies, the Company had applied for initial public offering of A shares and listing the same on the SSE (the "Proposed A-share Offering") during the Reporting Period. The plan and other relevant proposals in relation to the Proposed A-share Offering (including the proposed amendments to the Articles of Association, the rules of procedure of the general meetings of the Company, the rules of procedure of the Board of Directors and the rules of procedure of the Supervisory Committee, as well as other relevant corporate governance rules) have been considered and approved at the extraordinary general meeting, the H Share class meeting and the Domestic Share class meeting (the "Class Meetings") of the Company held on 26 October 2022.

On 23 December 2022, the Company received the notice from the China Securities Regulatory Commission accepting the A-share offering application materials submitted by the Company. For further details on offering of A Shares, please refer to the announcements of the Company dated 9 September 2022, 26 October 2022 and 23 December 2022, as well as the circular dated 10 October 2022.

MAJOR EVENTS DURING THE REPORTING PERIOD

AWARDS AND RECOGNITIONS

In January 2022, Operation Company was honoured as an exemplary enterprise in expressway maintenance and management by Sichuan Provincial Transportation Law Enforcement Corps, and one employee was recognised as “Chengdu Craftsman (成都工匠)”.

In June 2022, Chengguan Expressway - Chengdu Ring Expressway Section Renovation Project was granted the “Tianfu Cup” golden prize of construction projects in Sichuan Province by Sichuan Association for Construction Quality and Safety Supervision.

In July 2022, the Company and Operation Company were honoured as five-star labour unions (五星級工會) by Chengdu Municipal Federation of Labour Unions.

In August 2022, Chengpeng Expressway Operation and Management Centre was honoured as pioneer team for COVID-19 prevention and control by the General Office of Chengdu Municipal Party Committee and the General Office of Chengdu Municipal Government, and four individuals received a notice of commendation from the Organisation Department of Qingyang District Party Committee.

In November 2022, the labour union of Operation Company was awarded the title of “Excellent Enterprise in Support of Employee Mutual Assistance in Chengdu (成都市職工互助保障工作優秀單位)”.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

OPERATING RESULTS

	2018 <i>RMB</i> (restated)	2019 <i>RMB</i> (restated)	2020 <i>RMB</i>	2021 <i>RMB</i>	2022 <i>RMB</i>
Revenue	2,385,307,685	2,301,384,167	2,038,352,063	2,702,370,887	2,596,622,994
Including:					
Revenue from the expressway segment	1,830,226,688	1,255,926,039	1,134,976,334	1,495,828,250	1,304,595,516
Including: Toll income	985,896,251	1,255,926,039	1,015,942,884	1,413,912,681	1,211,781,245
Revenue from the energy segment	555,080,997	1,045,458,128	903,375,729	1,206,542,637	1,292,027,478
Including: Revenue from sales of refined oil	555,080,997	1,045,458,128	902,157,289	1,182,382,524	1,267,936,625
Gross profit	676,626,285	872,511,316	686,561,261	1,016,469,914	871,067,371
Total profit	643,030,823	681,529,079	424,514,865	825,765,098	688,840,608
Net profit	554,455,278	555,567,234	375,405,240	685,058,443	576,961,786
Net profit attributable to Shareholders of the Company	502,912,892	485,198,075	341,381,113	614,652,615	506,727,585

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	2018 <i>RMB</i> (restated)	2019 <i>RMB</i> (restated)	2020 <i>RMB</i>	2021 <i>RMB</i>	2022 <i>RMB</i>
Total assets	6,234,920,297	9,334,119,000	9,067,407,272	9,157,738,358	9,127,126,495
Total liabilities	2,883,263,786	4,599,564,314	4,895,499,662	4,556,306,092	4,209,133,009
Non-controlling interests	488,367,727	872,616,675	891,762,849	903,908,398	934,324,041
Total equity attributable to Shareholders of the Company	2,863,288,784	3,861,938,011	3,280,144,761	3,697,523,868	3,983,669,445

EARNINGS

	2018 <i>RMB</i> (restated)	2019 <i>RMB</i> (restated)	2020 <i>RMB</i>	2021 <i>RMB</i>	2022 <i>RMB</i>
Basic earnings per Share	0.42	0.29	0.21	0.37	0.31

Notes:

- Financial statements and annual results of the Group for the twelve months ended 31 December 2022 have been prepared under China Accounting Standards for Business Enterprises, and appropriate adjustments have been made for comparative figures of 2020 and 2021 herein pursuant to China Accounting Standards for Business Enterprises.
- Financial and operational highlights for 2018 to 2019 in the above table were prepared under the International Financial Reporting Standards, and have been restated.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I hereby present to the Shareholders the 2022 annual results of the Group.

The year of 2022 marked the second year of the Outline of the 14th Five-Year Plan for Economic and Social Development (the "14th Five-year Plan"), and also witnessed severer challenges brought about by the novel coronavirus disease ("COVID-19") pandemic. Against multiple unexpected headwinds such as persistent and frequent outbreaks of COVID-19 and extremely high temperatures in the domestic market, as well as the complicated and volatile international situation, China rolled out a basket of policies and measures to stabilise economic development in a timely manner. Throughout the year, national GDP increased by 3.0% in spite of the downward pressure, while Sichuan Province and Chengdu realised a year-on-year GDP growth of 2.9% and 4.5%, respectively. During the Reporting Period, in addition to the above unfavourable conditions, the Group also suffered from negative impacts arising from relocation of flights from Chengdu Shuangliu International Airport and a further reduction in toll payment from freight vehicles. Although the Group recorded certain decline in its annual results from the corresponding period of last year, it internally continued to optimise management, and materialise cost reduction and efficiency enhancement; while externally, it captured market opportunities, and expedited the pace for business diversification, sparing no effort to mitigate adverse impacts and remaining fully confident for its future growth.

During the Reporting Period, the Group achieved revenue of RMB2,596,622,994 (2021: RMB2,702,370,887), representing a year-on-year decrease of RMB105,747,893, or 3.9%, from 2021. In particular, revenue from the expressway segment amounted to RMB1,304,595,516, accounting for 50.2% of total revenue in 2022; and revenue from the energy segment amounted to RMB1,292,027,478, accounting for 49.8% of total revenue in 2022.

During the Reporting Period, the Group achieved net profit of RMB576,961,786 (2021: RMB685,058,443), representing a year-on-year decrease of RMB108,096,657, or 15.8%, from 2021; net profit attributable to Shareholders of the Company of RMB506,727,585 (2021: RMB614,652,615), representing a year-on-year decrease of RMB107,925,030, or 17.6%, from 2021; and basic earnings per Share of approximately RMB0.31 (2021: approximately RMB0.37), representing a year-on-year decrease of 16.2%.

The Group is committed to creating steady returns for the Shareholders. The Board recommended the payment of a final cash dividend for 2022 of RMB0.178 per Share (tax inclusive), totaling RMB294,786,156 based on the current total number of Shares of the Company of 1,656,102,000. The dividend payout plan will be implemented upon approval at the AGM for 2022 to be held on Friday, 12 May 2023.

CHAIRMAN'S STATEMENT

RESULTS REVIEW

Expressway segment

During the Reporting Period, the expressway segment achieved toll income of RMB1,211,781,245 (2021: RMB1,413,912,681), representing a year-on-year decrease of 14.3%. In particular, Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Chengdu Airport Expressway and Qiongming Expressway recorded daily weighted average traffic volume of 43,319, 52,034, 47,358, 24,614 and 14,172 vehicles, respectively, representing a year-on-year decrease of 5.5%, 12.2%, 13.5%, 39.1% and 11.2% from 2021, respectively; and toll income of RMB330,325,995, RMB243,080,212, RMB378,258,881, RMB84,746,381 and RMB175,369,776, representing a decrease of 6.2%, 14.3%, 15.0%, 37.4% and 11.3% from 2021, respectively.

During the Reporting Period, apart from the persistent adverse impact of COVID-19, each expressway of the Group was also subject to challenges from a further reduction in toll payment from freight vehicles. In particular, (i) Chengguan Expressway recorded a slight decline in traffic volume primarily due to the large number of tourists, driven by the ice fever ignited by the Beijing Winter Olympics in the first half of 2022, travelling to Dujiangyan City and Aba prefecture to join the world heritage landscape tours and other activities held by Chengdu Sunac Snow World and Dujiangyan City, contributing to an increase in traffic volume in the first half of 2022. However, due to the implementation of the Pidū east (five-ring interconnection) construction project at the end of 2022, certain lanes of Chengguan Expressway were temporarily occupied and Pidū East Toll Station was closed, which had certain impact on the traffic volume of Chengguan Expressway during such period; and (ii) Chengdu Airport Expressway recorded a decline in traffic volume attributable to the continuous impact from official operation of Chengdu Tianfu International Airport on 27 June 2021, leading to a decrease in flights at Chengdu Shuangliu International Airport and a corresponding decrease in traffic volume.

Energy Segment

During the Reporting Period, given the complex and volatile international energy landscape, the Group proactively implemented various anti-COVID-19 measures adopted in Chengdu, and meanwhile remained committed to strengthening business operations and seeking progress amid stability. It continued to attract customers leveraging quality services, competitive prices and premium oil products, and promoted increase in sales volume, revenue stream and efficiency enhancement. Besides, the Group dedicated itself to the competition mindset, fully capitalised on the professional operation and management model in the expressway segment, and undertook petrol station entrusted management and operation business through Energy Operation. Furthermore, it made constant efforts to expand operating scale, expedited the development of vehicle charging business and established presence in the battery replacement market to capture market share and achieve steady growth in the energy segment.

During the Reporting Period, the energy segment achieved revenue of RMB1,292,027,478 (2021: RMB1,206,542,637), representing a year-on-year increase of 7.1%.

CHAIRMAN'S STATEMENT

Consolidating Foundation with Persistent Efforts

During the Reporting Period, the Group continued to promote intensive, flat-structured and professional operation management, in a bid to realise cost reduction and efficiency enhancement, strengthen the operation ability of principal business, and try efforts to forge the “Chengdu Expressway” management brand. (i) In December 2022, the Company successfully renewed operation and management services for Tianfu Airport Expressway and Pudu Expressway for a term of another five years, and secured a slight increase in management fee. Taking reference from the operation model in the expressway segment, Energy Operation secured contracts from Chengdu Communications Investment for entrusted management of Huamin Petrol Station (including Shiling Petrol Station) and Xinhua Petrol Station, marching the first step in professional entrusted energy operation and management services. Besides, Operation Company was honoured as an exemplary enterprise in expressway maintenance and management by Sichuan Provincial Transportation Law Enforcement Corps in 2022 leveraging its sound reputation and strong management capacity; and the “Bamboo Team (竹之隊)” from Tianfu Airport Expressway was invited to provide etiquette services at the 2022 China Farmers Harvest Festival, which is a crowd celebration activity and won wide acclaim. (ii) During the Reporting Period, the Group was committed to broadening revenue streams and reducing expenditures. Through preparation of precise fund utilisation plan, the Group subscribed for structured deposits and other financial products to maximise return on cash on hand, proactively strove for interest reduction and concession policies, and negotiated with banks for lower interest rates. Leveraging the successful issuance of ultra-short-term debentures to replace the existing loans carrying high interest rates, the Group further reduced its comprehensive financing costs.

Seeking Growth through Transformation with the Mettle for Innovation

During the Reporting Period, the Group pursued opportunities through transformation, endeavouring to break business barriers and seek breakthroughs. (i) In order to promote the high-quality development of the Company and optimise the capital structure, the Company launched the initial public offering of A Shares in 2021, and received the notice from the CSRC accepting the A-share offering application materials submitted by the Company on 23 December 2022. (ii) Energy Development Company earnestly facilitated the establishment of a battery replacement company jointly with CATL, a leading industry player to extend presence to the battery replacement market in Chengdu, and swiftly devised construction schemes for charging piles to seize market opportunities. (iii) The Communications Investment jointly acquired 20% equity interests in Huitong Financial Leasing (in which the Company holds 1.6% equity interests), which has been approved by the China Banking and Insurance Regulatory Bureau of Shandong Province on 27 October 2022, and the investment was completed.

CHAIRMAN'S STATEMENT

OUTLOOK IN 2023

In 2023, the crucial year for China to accelerate the implementation of the 14th Five-year Plan and embark on a new journey to build a modern socialist country in an all-round way, a broad array of national strategies concerning Chengdu are expected to be rolled out, in particular, the establishment of the dual-city economic circle encompassing Chengdu and Chongqing and fostering a park city model leveraging the new development concept; as well as the major decisions on development of “one trunk with multiple branches and coordinated development among five districts” for Sichuan province, and accelerating the construction of Chengdu into a metropolitan sphere, which opens up a new leaf for the development of Chengdu in the new era. Meanwhile, the promulgation of the Plan of Sichuan Expressway Network Layout (2022-2035) strengthens the convenient connection between Chengdu and other cities within Sichuan Province with more dense and reasonable road network planning, and facilitates the construction of the dual-city economic circle in Chengdu-Chongqing area. Following the ease of anti-COVID-19 measures, the FISU will be officially convened in Chengdu, which is expected to bring more opportunities for the Group to expand operation and improve performance.

In terms of the expressway segment, the Group will continue to consolidate the advantages of its principal business, focus on business development, pay close attention to the construction of key projects and enhance the profitability of its core business. In March 2023, the General Office of the People’s Government of Sichuan Province issued the reply letter to Chengdu Municipal People’s Government, approving the Chengwenqiong Expressway expansion project to be constructed in the “Build-Operate-Transfer” (BOT) model, and the Company has been designated as the investor of the project, and Chengwenqiong Expressway Company has been designated as the owner responsible for its implementation. Besides, it will vigorously promote the standardisation and scale merit of operation management model, tap on “smart operation and management” to improve operating efficiency, and create “Chengdu Expressway” name card. In addition, it will continue to keep abreast of quality road assets in the market and diversify business operation, and proactively get involved in the major national deployments such as construction of the dual-city economic cycle encompassing Chengdu and Chongqing, so as to provide long-term stimulus to the sustainable and quality development of the Group.

In terms of the energy segment, the Group will make steady use of existing project resources, acquire and merge quality petrol stations at the appropriate timing, improve the refined oil operation and management service level, and continue to implement measures to reduce costs and increase efficiency. Meanwhile, the Group will proactively align itself with the “carbon peaking and neutrality” strategy, contribute to green and low-carbon development, capture the opportunities arising from the transition from traditional energy to new energy, and gradually establish a comprehensive service platform leveraging the investment and construction of the charging and battery replacement business, aspiring to “fuel” the quality development of the Group with practical acts.

The Group will remain dedicated to the commitments made at listing, tighten grips on the new development opportunities, in a bid to build itself into a quality listed enterprise and create sustainable value for the Shareholders.



CHAIRMAN'S STATEMENT

ACKNOWLEDGEMENT

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

Yang Tan

Executive Director (acting as the Chairman) and General Manager
Chengdu, the PRC, 27 March 2023

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF THE GROUP'S OPERATING RESULTS

	As of 31 December 2022 RMB	As of 31 December 2021 <i>RMB</i>
Revenue	2,596,622,994	2,702,370,887
Including:		
Toll income	1,211,781,245	1,413,912,681
Revenue from operation and management services	60,447,722	56,058,259
Revenue from maintenance services	13,719,875	11,036,958
Revenue from sales of refined oil	1,267,936,625	1,182,382,524
Revenue from convenience stores	18,381,630	16,622,421
Asset rental income	11,109,357	15,129,631
Compensation for operation suspension at a toll station	8,659,285	–
Others	4,587,255	7,228,413
Total profit	688,840,608	825,765,098
Net profit attributable to the Shareholders of the Company	506,727,585	614,652,615
Basic earnings per Share	RMB0.31	RMB0.37

SUMMARY OF THE GROUP'S FINANCIAL POSITION

	As at 31 December 2022 RMB	As at 31 December 2021 <i>RMB</i>
Total assets	9,127,126,495	9,157,738,358
Total liabilities	4,209,133,009	4,556,306,092
Non-controlling interests	934,324,041	903,908,398
Total equity attributable to Shareholders of the Company	3,983,669,445	3,697,523,868

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

The Group generates revenue from two business segments, mainly comprising (i) toll income from operating expressways; and (ii) revenue from sales of refined oil through operating petrol stations.

During the Reporting Period, the Group operated Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Chengdu Airport Expressway and Qiongming Expressway, as well as Tianfu Airport Expressway and Pudu Expressway under entrusted management under the expressway segment; while under the energy segment, 23 petrol stations of the Group were in operation, 3 petrol stations and 4 gas stations of the Group were in construction (including those completed but yet to commence operation), and 3 petrol stations, i.e. Xinhua Petrol Station, Huamin Petrol Station and Shiling Petrol Station were under entrusted operation and management by Energy Operation.

The Group achieved revenue of RMB2,596,622,994 during the Reporting Period (2021: RMB2,702,370,887), representing a decrease of RMB105,747,893, or 3.9%, from 2021, including revenue from the expressway segment of RMB1,304,595,516, accounting for 50.2% of the total revenue for 2022, and revenue from the energy segment of RMB1,292,027,478, accounting for 49.8% of the total revenue for 2022. The table below sets forth an analysis of revenue generated by the Group during the Reporting Period:

	2022 <i>RMB</i>	2021 <i>RMB</i>	Increase/(decrease) from the corresponding period of preceding year
Revenue from expressway segment:			
Toll income	1,211,781,245	1,413,912,681	-14.3%
Chengguan Expressway	330,325,995	352,073,686	-6.2%
Chengpeng Expressway	243,080,212	283,479,675	-14.3%
Chengwenqiong Expressway	378,258,881	445,174,708	-15.0%
Chengdu Airport Expressway	84,746,381	135,393,322	-37.4%
Qiongming Expressway	175,369,776	197,791,290	-11.3%
Operation and management services	56,570,340	56,058,259	0.9%
Maintenance services	13,719,875	11,036,958	24.3%
Asset rental income	10,361,906	11,636,945	-11.0%
Compensation for operation suspension at a toll station	8,659,285	-	N/A
Others	3,502,865	3,183,407	10.0%
	1,304,595,516	1,495,828,250	-12.8%
Revenue from energy segment:			
Sales of refined oil	1,267,936,625	1,182,382,524	7.2%
Convenience stores	18,381,630	16,622,421	10.6%
Operation and management services	3,877,382	-	N/A
Asset rental income	747,451	3,492,686	-78.6%
Others	1,084,390	4,045,006	-73.2%
	1,292,027,478	1,206,542,637	7.1%
Total revenue	2,596,622,994	2,702,370,887	-3.9%

MANAGEMENT DISCUSSION AND ANALYSIS

Expressway Segment

Set out below is the traffic volume of each expressway of the Group recorded during the period from 1 January to 31 December 2022:

Expressways	Daily weighted average traffic volume (vehicle)		
	1 January to 31 December 2022	1 January to 31 December 2021	Year-on-year increase/(decrease)
Chengguan Expressway	43,319	45,828	-5.5%
Chengpeng Expressway	52,034	59,296	-12.2%
Chengwenqiong Expressway	47,358	54,776	-13.5%
Chengdu Airport Expressway	24,614	40,427	-39.1%
Qiongming Expressway	14,172	15,960	-11.2%
Total	181,497	216,287	-16.1%

During the Reporting Period, each expressway of the Group recorded a decrease in toll income as compared with 2021 mainly due to impact of the COVID-19 pandemic. In particular, (i) Chengguan Expressway recorded a slight decline in traffic volume primarily due to the large number of tourists, driven by the ice fever ignited by the Beijing Winter Olympics in the first half of 2022, travelling to Dujiangyan City and Aba prefecture to join the world heritage landscape tours and other activities held by Chengdu Sunac Snow World and Dujiangyan City, contributing to an increase in traffic volume in the first half of 2022. However, due to the implementation of the Pidu east (five-ring interconnection) transformation project at the end of 2022, certain lanes of Chengguan Expressway were temporarily occupied and Pidu East Toll Station was closed, which had certain impact on the traffic volume of Chengguan Expressway during such period; (ii) Chengdu Airport Expressway recorded a decline in traffic volume attributable to the continuous impact from official operation of Chengdu Tianfu International Airport on 27 June 2021, leading to a decrease in flights at Chengdu Shuangliu International Airport and a corresponding decrease in traffic volume; and (iii) pursuant to the deployment of 189th standing meeting of the State Council, the MOT and the Ministry of Finance issued the Notice on Phased Toll Reduction and Exemption for Freight Vehicles on Toll Expressways" (《關於做好階段性減免收費公路貨車通行費有關工作的通知》), from 1 October 2022 to 31 December 2022, while enjoying the existing toll reduction preferential policies, freight vehicles travelling through toll expressways will be entitled to a further reduction in toll payment by 10%, that is, MTC freight vehicles will enjoy a 10% discount, and ETC freight vehicles will enjoy a further 10% discount based on the original 6% discount (15.4% discount in total), leading to a decline in toll income from freight vehicles in the fourth quarter of 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Company achieved revenue from operation and management services under the expressway segment of RMB56,570,340, representing operation and management service fees charged for provision of operation and management services to Tianfu Airport Expressway and Pudu Expressway. In December 2022, the Company successfully renewed the operation and management services for Tianfu Airport Expressway and Pudu Expressway for a term of another five years leveraging its quality management services.

During the Reporting Period, the Company achieved revenue from maintenance services of RMB13,719,875, which was derived from maintenance services provided to Tianfu Airport Expressway and Pudu Expressway.

The Company achieved compensation for operation suspension at a toll station of RMB8,659,285 in 2022, which represented economic compensation from government authorities in Pidu District for occupation of certain lanes on Chengguan Expressway and suspension of operation of Pidu East Toll Station during the construction of the Pidu east (five-ring interconnection) transformation project at the end of 2022.

Energy Segment

During the Reporting Period, revenue from the energy segment of the Group amounted to RMB1,292,027,478, representing a year-on-year increase of RMB85,484,841, or 7.1%. In particular, revenue from sales of refined oil amounted to RMB1,267,936,625, representing an increase of RMB85,554,101, or 7.2%, from 2021, primarily attributable to a constant surge in oil price amid changes in international situation during the Reporting Period, leading to a substantial increase in domestic oil price despite the adverse impact from COVID-19. Revenue from the operation and management services and convenience stores amounted to RMB3,877,382 and RMB18,381,630, respectively, of which revenue from the operation and management services was mainly derived from operation and management services provided to Xinhua Petrol Station and Huamin Petrol Station (including its wholly-owned Shiling Petrol Station), and revenue from convenience stores represented revenue generated from independent operation of convenience stores at petrol stations which were previously leased out.

OPERATING COST

During the Reporting Period, operating cost of the Group mainly included cost of procurement of refined oil, staff remuneration, depreciation and amortisation and expressway repair and maintenance. During the Reporting Period, the Group incurred operating cost of RMB1,725,555,623 (2021: RMB1,685,900,973), representing a year-on-year increase of RMB39,654,650, or 2.4% from 2021.

The primarily factors resulting in the increase included: (i) Energy Development Company incurred cost of sales of refined oil (fuel purchase expenses) of RMB1,069,109,046, representing an increase of RMB62,280,826 from 2021, which was mainly due to increase in oil procurement cost; (ii) a decrease in amortisation of service concession rights of RMB30,354,516 during the Reporting Period from 2021, primarily due to a decrease in traffic volume as affected by the COVID-19 pandemic, leading to a corresponding decrease in amortisation; and (iii) an increase in expressway maintenance cost of RMB10,932,157 from 2021, primarily due to the increase of road special maintenance costs such as treatment of diseases of expressway bridges and culverts, maintenance of safety monitoring facilities and the improvement of signs and markings.

MANAGEMENT DISCUSSION AND ANALYSIS

GROSS PROFIT AND GROSS PROFIT MARGIN

During the Reporting Period, the Group generated gross profit from operations of RMB871,067,371 (2021: RMB1,016,469,914), representing a year-on-year decrease of 14.3%, and achieved gross profit margin of 33.5% (2021: 37.6%), representing a year-on-year decrease of 4.1 percentage points. In particular, the expressway segment recorded gross profit of RMB663,501,534 and gross profit margin of 50.9% (2021: 55.7%), representing a year-on-year decrease of 4.8 percentage points, primarily due to a decrease in toll income resulting from factors such as the COVID-19 pandemic and a further reduction in toll payment from freight vehicles. The energy segment recorded gross profit of RMB207,565,837 and gross profit margin of 16.1% (2021: 15.2%), representing a year-on-year increase of 0.9 percentage points, primarily because the increase in oil procurement cost was slightly less than the increase in sales price.

ADMINISTRATIVE EXPENSES

During the Reporting Period, the Group incurred administrative expenses of RMB124,291,671 (2021: RMB118,877,263), representing a year-on-year increase of 4.6%, which was mainly attributable to the increase in social insurance and other expenses.

During the Reporting Period, the management staff benefit expenses (including salary and social insurance expenses) of the Group were RMB93,172,313 (2021: RMB91,535,828).

INVESTMENT INCOME

During the Reporting Period, the Group recognised investment income of RMB28,275,472 (2021: RMB44,830,913), representing a year-on-year decrease of RMB16,555,441, or 36.9%. In particular, (i) Sinopec Chengdu Energy, Chengbei Exit Expressway Company, Zhongyou Jieneng, Chengdu Tongneng and Chengdu Jiaoyu CNG suffered a drastic decline in operating results amid the COVID-19 pandemic, leading to a year-on-year decrease in investment income recognised by the Group of RMB301,574, RMB3,545,808, RMB5,235,444, RMB7,166,088 and RMB287,448 in such associates, respectively; (ii) the Group recorded a year-on-year decrease in investment income of RMB6,789,482 recognised in New Energy Company, an associate, as it was at the preliminary development stage and thus required considerable investment but generated relatively less revenue. The Group recorded a year-on-year increase in investment income of RMB241,536 recognised in Chengdu Jiuhe, one of our associates which is principally engaged in sales of refined oil; (iii) during the Reporting Period, the Group newly recognised investment income in Chengdu Teld of RMB4,063,667; and (iv) during the Reporting Period, the Group recorded a year-on-year increase in dividend income from other non-current financial assets of RMB2,465,200.

NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

During the Reporting Period, net profit attributable to the Shareholders of the Company amounted to RMB506,727,585 (2021: RMB614,652,615), representing a year-on-year decrease of RMB107,925,030, or 17.6%; and basic earnings per Share reached approximately RMB0.31 (2021: approximately RMB0.37), representing a year-on-year decrease of 16.2%, primarily attributable to the significant decrease in toll income as affected by factors including the COVID-19 pandemic and a further reduction in toll payment from freight vehicles, leading to a decrease in net profit attributable to Shareholders of the Company and basic earnings per Share.

MANAGEMENT DISCUSSION AND ANALYSIS

ASSETS AND LIABILITIES OVERALL CONDITIONS

As at the end of the Reporting Period, total assets of the Group amounted to RMB9,127,126,495 (31 December 2021: RMB9,157,738,358), representing a decrease of 0.3 percentage points from the end of 2021. As at the end of the Reporting Period, the Group's assets mainly consisted of intangible assets underlying the service concession rights in respect of Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Chengdu Airport Expressway and Qiongming Expressway, which accounted for 63.7% of the Group's total assets. Currency funds and other assets accounted for 20.7% and 15.6% of total assets, respectively.

As at the end of the Reporting Period, total liabilities of the Group amounted to RMB4,209,133,009 (31 December 2021: RMB4,556,306,092), representing a decrease of RMB347,173,083 from the end of 2021, primarily due to the repayment of bank borrowings of RMB403,000,000 during the Reporting Period.

BORROWINGS AND REPAYMENT CAPACITY

As at the end of the Reporting Period, total liabilities of the Group amounted to RMB4,209,133,009 (31 December 2021: RMB4,556,306,092), of which 62.1% (31 December 2021: 67.8%) represented bank and Shareholders' borrowings while 16.9% (31 December 2021: 18.5%) represented accounts payable.

As at the end of the Reporting Period, total interest-bearing borrowings of the Group amounted to RMB2,613,400,431 (31 December 2021: RMB3,090,824,270), of which RMB2,528,400,000 represented bank borrowings and RMB85,000,431 represented Shareholders' borrowings.

92.4% of the interest-bearing borrowings are not repayable within one year.

As at the end of the Reporting Period, bank borrowings of the Group carried an annual interest rate ranging from 3.46% to 4.21%, while Shareholders' borrowings carried a fixed annual interest rate of 4.75%. During the Reporting Period, interest expense of the Group amounted to RMB123,693,974 (2021: RMB136,721,789). Earnings before interest and tax amounted to RMB812,534,582 (2021: RMB962,486,887) and therefore interest coverage ratio (earnings before interest and tax divided by interest expenses) was 6.6 (2021: 7.0).

As at the end of the Reporting Period, gearing ratio of the Group (being total liabilities divided by total assets) was 46.1% (31 December 2021: 49.8%).

BORROWING RATIO

Being a measurement of financial leverage, borrowing ratio is calculated as net debt divided by "total equity and net debt". Net debt refers to interest-bearing bank and other loans minus cash and cash equivalents, not including liabilities for working capital purpose. Equity includes equity attributable to Shareholders of the Company and non-controlling interests. As at the end of the Reporting Period, the borrowing ratio of the Group was 12.8% (31 December 2021: 20.7%).

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL EXPENDITURE COMMITMENTS AND UTILISATION

During the Reporting Period, capital expenditure of the Group amounted to RMB120,355,376, primarily due to investment in the Ande Service Area Construction Project (Phase I) and Chengguan Expressway Gaoxinxi Service Area Project.

As at the end of the Reporting Period, total capital expenditure commitments of the Group amounted to RMB117,036,638, primarily relating to capital expenditure commitments in Ande Service Area Construction Project (Phase I) and Chengguan Expressway Gaoxinxi Service Area Project. The Group will prioritise internal resources to fund the above capital expenditure commitments.

CURRENT RATIO

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

As at the end of the Reporting Period, total current assets of the Group amounted to RMB2,237,450,203 (31 December 2021: RMB2,182,496,091), of which: (i) currency funds as well as non-current assets due within one year were RMB1,889,340,360 (31 December 2021: RMB1,887,351,380), accounting for 84.4% (31 December 2021: 86.5%) of current assets; (ii) accounts receivable were RMB207,447,293 (31 December 2021: RMB144,714,700), accounting for 9.3% (31 December 2021: 6.6%) of current assets; (iii) inventories were RMB17,322,330 (31 December 2021: RMB46,134,548), accounting for 0.8% (31 December 2021: 2.1%) of current assets; and (iv) prepayments, other receivables and other current assets were RMB123,340,220 (31 December 2021: RMB104,295,463), accounting for 5.5% (31 December 2021: 4.8%) of current assets.

As at the end of the Reporting Period, current ratio (current assets divided by current liabilities) of the Group was 152.3% (31 December 2021: 154.4%). The decrease of the current ratio was due to the decline in operating results amid COVID-19 pandemic during the Reporting Period, leading to a decrease in current assets.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets out certain information about the Group's consolidated statement of cash flows for the years ended 31 December 2021 and 2022:

	For the year ended 31 December			
	2022		2021	
	RMB	RMB	RMB	RMB
Cash and cash equivalents presented in the consolidated statement of cash flows at the beginning of the year		1,800,119,207		1,631,650,352
Net cash flows from operating activities	850,369,689		828,491,462	
Net cash flows used in investing activities	(265,633,255)		(91,139,387)	
Net cash flows used in financing activities	(570,784,681)		(568,883,220)	
Net increase in cash and cash equivalents		13,951,753		168,468,855
Cash and cash equivalents presented in the consolidated statement of cash flows at the end of the year		<u>1,814,070,960</u>		<u>1,800,119,207</u>
Analysis of balances of cash and cash equivalents				
Consolidated cash and cash equivalents as at the end of the year		1,874,070,960		1,872,081,980
Time deposits with original maturity of over three months		<u>60,000,000</u>		<u>71,962,773</u>
Cash and cash equivalents as stated in the consolidated statement of cash flows		<u>1,814,070,960</u>		<u>1,800,119,207</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Net cash flows from operating activities: During the Reporting Period, net cash flows from operating activities of the Group amounted to RMB850,369,689, compared to RMB828,491,462 in 2021, representing a year-on-year increase of RMB21,878,227, primarily attributable to (i) a decline in revenue from the principal business of the Group during the Reporting Period as compared with last year due to frequent outbreaks of COVID-19 pandemic, leading to a decrease in cash received from sale of goods or rendering of services of RMB138,491,504; (ii) receipt of temporary and permanent lane occupation compensations in an aggregate amount of RMB28,404,845, receipt of tax refund of RMB10,197,400 from previous years, receipt of RMB23,082,216 receivable for wholesale of asphalt and diesel oil in 2021; and receipt of RMB43,643,088 from Yanchang Shell for settlement of debts on behalf of Huaguan Industrial, leading to an increase in other cash received relating to operating activities of RMB100,726,470 during the Reporting Period; (iii) a decrease in road greening cost and toll collection and security monitoring facilities maintenance expenses under the expressway segment as a result of the COVID-19 pandemic, leading to a decrease in cash paid for purchase of goods or receipt of services of RMB43,188,505 during the Reporting Period; and (iv) a decrease in revenue during the Reporting Period, leading to a decrease in payments of taxes and surcharges of RMB23,237,053 during the Reporting Period as compared with last year.

Net cash flows used in investing activities: During the Reporting Period, net cash flows used in investing activities of the Group amounted to RMB265,633,255, compared to RMB91,139,387 for 2021, representing a year-on-year increase of RMB174,493,868, primarily attributable to (i) equity investments of RMB60,979,131 and RMB70,000,000 newly made in Chengdu Teld and Huitong Financial Leasing, respectively during the Reporting Period; (ii) cash inflow of RMB13,687,600 from disposal of land at fair value by Chengwenqiong Expressway Company in 2021, while no such amount was generated during the Reporting Period; and (iii) an increase in construction payments for Chengpeng Expressway expansion and renovation project, and pavement improvement projects on Chengguan Expressway and Qiongming Expressway during the Reporting Period.

Net cash flows used in financing activities: During the Reporting Period, net cash flows used in financing activities of the Group amounted to RMB570,784,681, compared to RMB568,883,220 for 2021, representing a year-on-year increase of RMB1,901,461, primarily attributable to (i) additional investment of RMB11,167,316 received by Energy Development Company from its non-controlling interest, Chengdu Communications Investment Property Company Limited and by Zhongyou Energy from its non-controlling interest, PetroChina during the Reporting Period; (ii) RMB300,000,000 received from the issue of ultra-short-term debentures during the Reporting Period; (iii) repayment of bank borrowings of RMB225,100,000 during the Reporting Period; (iv) an increase of RMB24,874,718 in cash paid for distribution of dividends, profits or repayment of interests during the Reporting Period; (v) an increase of RMB46,052,545 in other cash paid relating to financing activities during the Reporting Period; and (vi) a decrease of RMB17,041,514 in other cash received relating to financing activities during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITION AND DISPOSAL

During the Reporting Period, the Company did not make any material acquisitions and disposals of subsidiaries, associates or joint ventures.

PLEDGE OF ASSETS

As at the end of the Reporting Period, the toll collection rights of Chengwenqiong Expressway with a net carrying amount of RMB953,845,611 (31 December 2021: RMB1,008,566,526) were pledged to secure bank loans and other loans of RMB410,000,000 (31 December 2021: RMB550,000,000), the toll collection rights of Chengpeng Expressway with a net carrying amount of RMB1,133,477,303 (31 December 2021: RMB1,197,274,381) were pledged to secure bank loans of RMB143,000,000 (31 December 2021: RMB263,000,000), and the toll collection rights of Qiongming Expressway with a net carrying amount of RMB2,262,929,466 (31 December 2021: RMB2,319,900,986) were pledged to secure bank loans of RMB1,642,400,000 (31 December 2021: RMB1,710,000,000).

EXCHANGE RATE FLUCTUATION RISK

As the Group primarily operates in mainland China and the majority of its businesses are settled in Renminbi, it is not exposed to material foreign exchange rate risk.

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

CONTINGENT LIABILITIES

Lawsuit between Energy Development Company and Huaguan Industrial

On 14 August 2014, Energy Development Company issued the "Letter of Undertakings on Solving Issues concerning Project Lands of Communications Investment Energy" (the "Undertaking") to Chengdu Huaguan Industrial Co., Ltd. (成都華冠實業股份有限公司) ("Huaguan Industrial"), the then non-controlling shareholder of Communications Investment Energy. Pursuant to the Undertaking, Energy Development Company was going through land procedures for one petrol station (No. 3 station), and land construction procedures for one petrol station and one gas station through swap. Following issuance of the Undertaking, despite several rounds of resolution between the parties, the land procedures for the petrol stations and gas station failed to be completed. Based on the above situation, Huaguan Industrial filed a lawsuit against Energy Development Company to Chengdu Intermediate People's Court in 2021, demanding Energy Development Company to (i) complete the construction land procedures for No. 3 station and help Communications Investment Energy to complete the state-owned land procedures; (ii) identify lands for construction of one petrol station and one gas station within the administrative jurisdiction of Chengdu, and help Communications Investment Energy to complete the state-owned land procedures of the petrol station; and (iii) compensate Huaguan Industrial for economic loss of RMB36,876,367.

MANAGEMENT DISCUSSION AND ANALYSIS

On 11 August 2022, Chengdu Intermediate People's Court awarded a first-instance judgment, pursuant to which Energy Development Company shall not assume liability for compensation. Huaguan Industry appealed the first-instance judgement to the High People's Court of Sichuan Province which heard the case on 21 November 2022, and issued a civil ruling on 25 February 2023, pursuant to which the High People's Court of Sichuan Province considered that Energy Development Company and Huaguan Industrial constituted contractual relationship of rights and obligations, and the original judgment made a mistake in determining whether the contract has been established. Accordingly, the High People's Court of Sichuan Province revoked the judgment awarded by Chengdu Intermediate People's Court in August 2022, and remanded the case to Chengdu Intermediate People's Court for retrial. As the first and second claims of Huaguan Industrial are in substance unfulfillable, Huaguan Industrial thus changed its claims, and only retained its third claim. Based on the advice of the legal adviser, the management still believes that the presumption of contractual relationship between Energy Development Company and Huaguan Industrial based on the assumption of continued construction of petrol stations is not well grounded, and even if there do exist contractual relations, Energy Development Company has made its best endeavor, and the failure in completing the land procedures was due to force majeure, and Energy Development Company should therefore not be liable in this regard. Energy Development Company still has a legitimate defense against the lawsuit, and the case will probably be ruled in favor of Energy Development Company. In conclusion, the Group did not make provision in this regard.

Lawsuit between Chengming Expressway Company and Xuyang Petrification

On 20 May 2022, Chengming Expressway Company initiated a lawsuit against Sichuan Xuyang Petrification Trading Co., Ltd. (四川省旭陽石化貿易有限公司) ("Xuyang Petrification"), the defendant, in the Jianyang People's Court, applying to legally invalidate the transfer (lease) agreements (the "Agreements") entered into between the parties on 27 December 2012 and 26 July 2014, respectively, in relation to the extended 12-year land use rights following the change of nature of land use rights of two pairs and a total of four petrol and gas stations in Qionglai and Mingshan service areas along the Qionglai – Mingshan Expressway alongside National Highway 318, and the construction and operation right of Pingle service area (including the petrol and gas stations), and demanding Xuyang Petrification to return Pingle service area to Chengming Expressway Company in status quo.

Pursuant to the Agreements, amounts incurred from the change of nature of land use rights of two pairs and a total of four petrol and gas stations in Qionglai and Mingshan service areas, change of nature of land use rights of the petrol stations and gas stations in Pingle service area and construction of Pingle service area shall be paid by Xuyang Petrification. As of 31 December 2022, Xuyang Petrification had paid Chengming Expressway Company RMB6,833,248 for change of nature of land use rights, and partially completed the construction of the petrol stations in Pingle service area, which, however, did not commence commercial operation. Xuyang Petrification failed to pay Chengming Expressway Company any amount for transfer (lease) of construction and and operation right as agreed in the agreements. Chengming Expressway Company recognised the amount paid by Xuyang Petrification for change of nature of land use rights in other payables.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

BIOGRAPHICAL DETAILS OF DIRECTORS

The table below sets forth information regarding the Directors:

Name	Position	Term of office <i>(Note 1)</i>
Mr. Xiao Jun <i>(Note 2)</i>	Non-executive Director	21 November 2016 – 15 March 2023
	Chairman of the Board	9 December 2016 – 15 March 2023
Mr. Yang Tan	Executive Director	11 June 2020 – Up to now
	General Manager	16 April 2020 – Up to now
Ms. Wang Xiao <i>(Note 4)</i>	Executive Director	21 November 2016 – 30 September 2022
	Deputy General Manager	9 December 2016 – Up to now
Mr. Zhang Dongmin <i>(Note 3)</i>	Executive Director	9 May 2018 – 30 September 2022
Mr. Luo Dan	Executive Director	21 November 2016 – Up to now
	Chief Accountant	9 December 2016 – Up to now
Mr. Yang Bin	Non-executive Director	9 May 2018 – Up to now
Mr. Ding Dapan <i>(Note 5)</i>	Executive Director	30 September 2022 – Up to now
	Deputy General Manager	5 November 2021 – Up to now
Ms. Wu Haiyan <i>(Note 6)</i>	Non-executive Director	30 September 2022 – Up to now
Mr. Qian Yongjiu <i>(Note 7)</i>	Independent non-executive Director	30 September 2022 – Up to now
Mr. Wang Peng <i>(Note 8)</i>	Independent non-executive Director	30 September 2022 – Up to now
Mr. Leung Chi Hang Benson <i>(Note 9)</i>	Independent non-executive Director	30 September 2022 – Up to now
Mr. Shu Wa Tung, Laurence <i>(Note 10)</i>	Independent non-executive Director	21 November 2016 – 30 September 2022
Mr. Ye Yong <i>(Note 11)</i>	Independent non-executive Director	21 November 2016 – 30 September 2022
Mr. Li Yuanfu <i>(Note 12)</i>	Independent non-executive Director	21 November 2016 – 30 September 2022

Notes:

1. Term of office represents the period during which such individuals hold positions listed in the table. For details of their other positions, please refer to the following.
2. Mr. Xiao Jun resigned as the Chairman of the Board and a non-executive Director on 15 March 2023.
3. Mr. Zhang Dongmin resigned as an executive Director of the Company on 30 September 2022.
4. Ms. Wang Xiao resigned as an executive Director of the Company on 30 September 2022.
5. Mr. Ding Dapan served as an executive Director of the Company commencing from 30 September 2022.
6. Ms. Wu Haiyan served as a non-executive Director of the Company commencing from 30 September 2022.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

7. Mr. Qian Yongjiu served as an independent non-executive Director of the Company commencing from 30 September 2022.
8. Mr. Wang Peng served as an independent non-executive Director of the Company commencing from 30 September 2022.
9. Mr. Leung Chi Hang Benson served as an independent non-executive Director of the Company commencing from 30 September 2022.
10. Mr. Shu Wa Tung, Laurence resigned as an independent non-executive Director of the Company on 30 September 2022.
11. Mr. Ye Yong resigned as an independent non-executive Director of the Company on 30 September 2022.
12. Mr. Li Yuanfu resigned as an independent non-executive Director of the Company on 30 September 2022.

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

Mr. Xiao Jun, aged 56, has served as the chairman and a director of Chengguan Expressway Company since April 2016, a non-executive Director of the Company from November 2016 to March 2023 and the chairman of the Board from December 2016 to March 2023. He acted as the chairman of the Nomination Committee of the Company from December 2016 to September 2022 and was a member of the Nomination Committee of the Company from September 2022 to March 2023. Set forth below are the key biographies of Mr. Xiao:

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

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- director, deputy executive general manager and general manager of Chengdu Expressway Construction from July 2004 to March 2007;
- chief engineer and deputy general manager of Chengdu Communications Investment from March 2007 to August 2014;
- director and chief engineer of Chengdu Communications Investment from August 2014 to December 2017;
- vice chairman of the board of directors of Chengdu Communications Investment from December 2017 to December 2022;
- vice chairman of the board of directors of Chengdu Rail Transit Group Co., Ltd. (成都軌道交通集團有限公司) since December 2022.

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

Mr. Yang Tan (楊坦), Executive Director (acting as the Chairman) and General Manager

Mr. Yang Tan, aged 57, has been General Manager of the Company since April 2020, and executive Director and chairman of the Strategy and Development Committee of the Company since June 2020, and member of the Nomination Committee since March 2023. Set forth below are the key biographies of Mr. Yang:

- staff member of North Gate Station of Chengdu Motor Transport Company (成都市汽車運輸公司) from August 1988 to November 1990;
- deputy director of the General Manager Office of Chengdu Motor Transport Corporation (成都市汽車運輸總公司) from December 1990 to August 1993;
- deputy general manager of Sichuan Tonglian Rare Animal Breeding Co., Ltd. (四川通聯珍稀動物養殖有限公司) from August 1993 to December 1996;
- deputy manager of Baiyun Hotel of Chengdu Motor Transport Corporation from December 1996 to October 1997;
- worked in the Fifth Branch of Chengdu Motor Transport (Group) Company (成都汽車運輸(集團)公司) from October 1997 to July 2010;

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- general manager of Chengguan Expressway Company from July 2010 to April 2016;
- secretary to the Party branch, director and general manager of Energy Development Company from April 2016 to April 2020;
- deputy secretary to the Party Committee and General Manager of the Company since April 2020;
- an executive Director of the Company since June 2020.

At present, Mr. Yang Tan also acts as chairman of the board of directors of both Operation Company and Chengdu Airport Expressway Company.

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

Mr. Luo Dan (羅丹), Executive Director and Chief Accountant

Mr. Luo Dan, aged 55, has served as an executive Director of the Company since November 2016 and Chief Accountant of the Company since December 2016, mainly responsible for financial matters, assisting the General Manager and managing the finance management department and contract management department, and acted as a member of the Remuneration and Evaluation Committee from November 2016 to September 2022. Set forth below are the key biographies of Mr. Luo:

- accountant, deputy section chief and financial manager of Chengdu Chemical Engineering Company (成都市化工公司) from July 1985 to December 1998;
- manager, assistant to general manager, manager and deputy general manager of finance department of Chengguan Expressway Company from December 1998 to June 2010;
- deputy general manager and the chairman of the labour union of Chengwenqiong Expressway Company from July 2010 to April 2020;
- director of Chengpeng Expressway Company from May 2015 to October 2020;
- financial controller of Chengming Expressway Company from December 2019 to April 2020;
- director of Chengming Expressway Company from May 2020 to August 2022.

At present, Mr. Luo Dan also acts as a director of Operation Company, Chengdu Airport Expressway Company and Energy Development Company; and supervisor of Sichuan Intelligent Transportation Systems Management Co., Ltd..

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

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Yang Bin (楊斌), Non-executive Director

Mr. Yang Bin, aged 56, has served as a non-executive Director and a member of the Audit and Risk Management Committee of the Company since May 2018. Set forth below are the key biographies of Mr. Yang:

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

At present, Mr. Yang Bin also acts as a director of Chengdu Chengbei Expressway Transport Petrol Station Co., Ltd. (成都城北高速交通加油站有限公司).

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

Ms. Wu Haiyan (吳海燕), Non-executive Director

Ms. Wu Haiyan, aged 51, served as a non-executive Director and a member of the Remuneration and Evaluation Committee of the Company since September 2022. Set forth below are the key biographies of Ms. Wu:

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

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- head and deputy head (person-in-charge) of the finance department (capital centre) of Chengdu Communications Investment since February 2015;
- employee representative supervisor of Chengdu Communications Investment from September 2016 to August 2022;
- a shareholder representative Supervisor of the Company from November 2016 to September 2022.

At present, Ms. Wu Haiyan also acts as a supervisor of Chengdu Expressway Construction, director of Chengdu Communications Investment Asset Management Co., Ltd. (成都交投資本管理有限責任公司) and supervisor of Chengdu Airlines Co., Ltd.

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

Mr. Ding Dapan (丁大攀), Executive Director

Mr. Ding Dapan, aged 35, has served as Deputy General Manager of the Company since November 2021 and an executive Director of the Company since September 2022. Set forth below are the key biographies of Mr. Ding:

- deputy principal staff member, deputy director, third-tier principal staff member and second-tier principal staff member of the Construction and Maintenance Department of the Expressway Administration Bureau (Law Enforcement Corps) of Sichuan Provincial Department of Transportation from January 2014 to August 2020;
- deputy general manager of Operation Company from August 2020 to November 2021.

At present, Mr. Ding Dapan also acts as a director and general manager of Operation Company, general manager of Chengwenqiong Expressway Company, person-in-charge of Chengdu Expressway Co., Ltd. Chengguan Branch, director and general manager of Chengming Expressway Company, director of Chengbei Exit Expressway Company, and general manager of both Chengpeng Expressway Company and Chengdu Airport Expressway Company.

Mr. Ding graduated from Southwest Jiaotong University with a master's degree of engineering majoring in bridge and tunnel engineering in July 2012.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Leung Chi Hang Benson (梁志恒), Independent Non-executive Director

Mr. Leung Chi Hang Benson, aged 45, has served as an independent non-executive Director, chairman of the Audit and Risk Management Committee and a member of the Strategy and Development Committee of the Company since September 2022. Mr. Leung has over 20 years of experience in audit and financial management. Set forth below are the key biographies of Mr. Leung:

- auditor, senior auditor and audit manager of PricewaterhouseCoopers from September 2000 to June 2007;
- audit manager of the San Jose office in the United States of PricewaterhouseCoopers LLP from July 2007 to June 2009;
- senior audit manager and partner of PricewaterhouseCoopers from July 2009 to August 2020;
- partner of the PricewaterhouseCoopers Zhong Tian LLP Beijing Branch from September 2020 to February 2022;
- vice president of finance of A-Bite Technology Inc. (舌尖科技有限公司) from April 2022 to June 2022;
- regional director of Sifu Enterprise Management Consulting (Shanghai) Co., Ltd. (司富企業管理諮詢(上海)有限公司) since July 2022;
- independent director of Sansheng Intellectual Education Technology Co., Ltd. (三盛智慧教育科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300282) from August 2022 to October 2022;
- executive director, general manager and financial manager of Beijing Caidonghui Enterprise Management Consulting Co., Ltd. (北京財董匯企業管理諮詢有限公司) since September 2022;
- executive director and general manager of Guangzhou Hongfu Supply Chain Co., Ltd. (廣州宏富供應鏈有限公司) since December 2022.

Mr. Leung graduated from the University of Warwick (英國華威大學) in July 2000, and obtained a bachelor's degree with honours in accounting and finance. Mr. Leung is a fellow of the Hong Kong Institute of Certified Public Accountants and a fellow of The Association of Chartered Certified Accountants (ACCA).

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Wang Peng (王鵬), Independent Non-executive Director

Mr. Wang Peng, aged 42, has served as an independent non-executive Director, chairman of the Remuneration and Evaluation Committee, and member of each of the Audit and Risk Management Committee and the Nomination Committee of the Company since September 2022. Set forth below are the key biographies of Mr. Wang:

- lecturer and associate professor in the School of Finance of Southwest University of Finance and Economics from September 2010 to November 2013;
- associate professor, assistant director, deputy director, professor and doctoral supervisor at China Financial Research Institute (中國金融研究院) of Southwest University of Finance and Economics since December 2013;
- visiting scholar at the University of Colorado, Denver from March 2016 to February 2017.

Mr. Wang graduated from Southwest Jiaotong University in June 2010 with a doctorate in business management.

Mr. Qian Yongjiu (錢永久), Independent non-executive Director

Mr. Qian Yongjiu, aged 60, has served as an independent non-executive Director, chairman of the Nomination Committee, and member of each of the Remuneration and Evaluation Committee and the Strategy and Development Committee of the Company since September 2022. Set forth below are the key biographies of Mr. Qian:

- teaching assistant, lecturer, associate professor and professor in Southwest Jiaotong University since May 1986.

Besides, Mr. Qian also acted as assistant director and deputy director of the Structural Engineering Research Institute, assistant director of the Structural Engineering Experiment Centre, deputy director of the human resources department, deputy dean and Party Secretary of the School of Civil Engineering of Southwest Jiaotong University.

Mr. Qian graduated from Southwest Jiaotong University in August 1992 with a doctorate in engineering.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

BIOGRAPHICAL DETAILS OF SUPERVISORS

The following table sets forth information regarding the Supervisors:

Name	Position	Term of office <i>(Note 1)</i>
Ms. Jiang Yan	Chairlady of the Supervisory Committee <i>(Shareholder Representative Supervisor)</i>	9 May 2018 – Up to now
Ms. Wu Haiyan <i>(Note 2)</i>	Supervisor <i>(Shareholder Representative Supervisor)</i>	21 November 2016 – 30 September 2022
Mr. Zhang Chengyi <i>(Note 2)</i>	Supervisor <i>(Shareholder Representative Supervisor)</i>	30 September 2022 – Up to now
Mr. Zhang Yi	Supervisor <i>(Shareholder Representative Supervisor)</i>	11 June 2020 – Up to now
Ms. Xu Jingxian	Supervisor <i>(Employee Representative Supervisor)</i>	17 November 2016 – Up to now
Mr. Zhang Jian <i>(Note 3)</i>	Supervisor <i>(Employee Representative Supervisor)</i>	17 November 2016 – 3 March 2022
Mr. Chen Yong <i>(Note 3)</i>	Supervisor <i>(Employee Representative Supervisor)</i>	3 March 2022 – Up to now

Notes:

1. Term of office represents the period during which such individuals hold positions listed in the table. For details of their other positions, please refer to the following. Shareholder representative Supervisors and employee representative Supervisors of the second session of the Supervisory Committee were appointed for a term of office of three years commencing from 11 June 2020.
2. Ms. Wu Haiyan resigned as a shareholder representative Supervisor due to work rearrangement with effect from 30 September 2022. Mr. Zhang Chengyi was appointed as a shareholder representative Supervisor with effect from 30 September 2022. For details, please refer to the announcements of the Company dated 9 September 2022 and 30 September 2022.
3. On 3 March 2022, Mr. Zhang Jian resigned as an employee representative Supervisor due to work rearrangement. On the same date, Mr. Chen Yong was appointed as an employee representative Supervisor. For details, please refer to the announcement of the Company dated 3 March 2022.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Jiang Yan (蔣燕), aged 52, has served as chairlady of the Supervisory Committee since May 2018. Set forth below are the key biographies of Ms. Jiang:

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

At present, Ms. Jiang Yan also acts as director of Chengdu Communications Investment Jianzhou New Town Integrated Operation Co., Ltd. (成都交投簡州新城城市綜合運營有限公司), Chengdu Expressway Construction, Chengdu Communications Investment Capital Management Co., Ltd. (成都交投資本管理有限責任公司), Chengdu Longquanshan Urban Forest Park Investment and Operation Co., Ltd. (成都龍泉山城市森林公園投資經營有限公司), Zhongdianjian Sichuan Yurong Expressway Co., Ltd. (中電建四川渝蓉高速公路有限公司), Communications Investment Chuanyu (Chongqing) Construction Development Co., Ltd. (交投川渝(重慶)建設發展有限公司), and Sichuan Synergy Innovation Investment Management Co., Ltd. (四川協同創新投資管理有限公司).

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

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhang Chengyi (張成毅), aged 42, has served as Supervisor of the Company since September 2022. Set forth below are the key biographies of Mr. Zhang:

- worked for No.5 Engineering Corporation Limited of China Railway 11th Bureau Group Company Limited (中鐵十一局集團第五工程有限公司) from June 2004 to May 2005;
- designer, chief engineer, deputy director, secretary of the board of directors and vice president of the Design Department I of Traffic Survey and Design Institute (交通勘察設計院設計一處) from May 2005 to August 2015;
- general manager of Sichuan Wufeng Technology Co., Ltd. (四川五豐科技有限公司) from August 2015 to June 2016;
- senior director and deputy head of the investment development department and deputy head of the railway division of Chengdu Communications Investment from June 2016 to September 2017;
- director and general manager of Chengdu Jianzhou New Town Investment Group Co., Ltd. (成都市簡州新城投資集團有限公司) from September 2017 to May 2022;
- deputy secretary to Party Committee, director and general manager of Chengdu Expressway Construction since May 2022.

Mr. Zhang Chengyi graduated from Xihua University majoring in civil engineering (traffic civil engineering) in June 2004. Mr. Zhang Chengyi holds the professional qualifications of senior engineer.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhang Yi (張毅), aged 37, has served as Supervisor of the Company since June 2021. Set forth below are the key biographies of Mr. Zhang:

- member of the construction crew of Sichuan Junxiang Construction Engineering Co., Ltd. (四川俊翔建築工程有限公司) from July 2007 to July 2008;
- supervision engineer and director representative of Sichuan Zhongxin Construction Engineering Project Supervision Co., Ltd. (四川眾信建設工程項目監理有限公司) from August 2008 to March 2013;
- person-in-charge of the engineering department, head of the parking lot management station, senior director of the investment and development department, senior director of the operation and management department and deputy director of the operation and management department (person-in-charge) of Chengdu Expressway Construction since April 2013.

At present, Mr. Zhang Yi also acts as director of Sichuan Hongsheng International Logistics Co., Ltd. (四川宏盛國際物流有限責任公司), supervisor of Chengdu Communications Investment Tianxin Green Building Materials Co., Ltd. (成都交投天新綠色建材有限公司), and director of Chengming Expressway Company.

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

Ms. Xu Jingxian (許靜嫻), aged 45, has served as employee representative Supervisor since November 2016, manager of the Finance Department of the Company from November 2016 to February 2019 and was re-designated as the manager of the Audit and Supervision Department from manager of the Finance Department of the Company since March 2019. Set forth below are the key biographies of Ms. Xu:

- accountant, deputy manager and manager of the finance department of Chengguan Expressway Company from August 1998 to November 2016;
- manager of the Finance Department of the Company from November 2016 to February 2019.

At present, Ms. Xu also acts as supervisor of each of Chengpeng Expressway Company, Chengwenqiong Expressway Company, Chengdu Airport Expressway Company, Chengming Expressway Company, Zhenxing Company, Operation Company, Energy Development Company and Chengbei Exit Expressway Company.

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

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Chen Yong (陳勇), aged 39, has served as manager of the Finance Management Department of the Company since February 2019, and employee representative Supervisor of the Company since March 2022. Set forth below are the key biographies of Mr. Chen:

- worked for Tong Wei Co., Ltd. (通威股份有限公司) from September 2012 to September 2014;
- unemployed from October 2014 to August 2015;
- worked for the First Engineering Branch of China MCC5 Group Corp. Ltd. (中國五冶集團有限公司第一工程分公司) from September 2015 to October 2015;
- director and senior head of the finance department (capital centre) of Chengdu Communications Investment from October 2015 to February 2019.

At present, Mr. Chen also acts as director of Zhenxing Company.

Mr. Chen graduated from Southwestern University of Finance and Economics in June 2012 majoring in finance. Mr. Chen obtained the qualification of senior accountant granted by Chengdu Human Resources and Social Security Bureau in May 2021.

BIOGRAPHICAL DETAILS OF SENIOR MANAGEMENT

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

Name	Position	Term of office <i>(Note 1)</i>
Mr. Yang Tan	General Manager	16 April 2020 – Up to now
Ms. Wang Xiao	Deputy General Manager	9 December 2016 – Up to now
Mr. Luo Dan	Chief Accountant	9 December 2016 – Up to now
Mr. Zhang Guangwen	Secretary to the Board and Joint Company Secretary	9 December 2016 – Up to now
Mr. Shu Bin	Chief Engineer	17 September 2021 – Up to now
Mr. Pan Xin	Deputy General Manager	20 May 2020 – Up to now
Mr. Ding Dapan	Deputy General Manager	9 November 2021 – Up to now

Note:

1. Term of office represents the period during which such individuals hold positions listed in the table. For details of their other positions, please refer to the following.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Yang Tan (楊坦), aged 57, is an executive Director, General Manager and Deputy Secretary to the Party Committee of the Company. For biographical details of Mr. Yang, please refer to the sub-section headed “Biographical Details of Directors” in this section.

Ms. Wang Xiao (王曉), aged 50, has served as Deputy General Manager of the Company since December 2016, mainly responsible for assisting the General Manager, managing the Audit and Supervision Department and Operation Management Department. Set forth below are the key biographies of Ms. Wang:

- worked in Agriculture Machine Bureau of Pujiang County, Sichuan Province from September 1990 to April 1996;
- staff and senior staff member of the Communication Management Department of Chengdu Municipal Transportation Bureau from May 1996 to August 2001;
- office director of the Communications News Department of Chengdu Municipal Transportation Bureau from August 2001 to April 2006;
- deputy general manager of Chengpeng Expressway Company from April 2006 to June 2010;
- deputy general manager of Chengguan Expressway Company from July 2010 to May 2014;
- general manager of Chengdu Airport Expressway Company from May 2014 to June 2020 (chairman of its board of directors from May 2018 to June 2020);
- an executive Director of the Company from 21 November 2016 to 30 September 2022.

At present, Ms. Wang also acts as a director of Operation Company.

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

Mr. Luo Dan (羅丹), aged 55, is an executive Director and Chief Accountant of the Company. For biographical details of Mr. Luo, please refer to the sub-section headed “Biographical Details of Directors” in this section.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhang Guangwen (張光文), aged 47, has served as the Secretary to the Board of the Company since December 2016, managing the Office of the Board. Set forth below are the key biographies of Mr. Zhang:

- worker in the moulding workshop and distribution staff of Sichuan Tire Rubber Group Company Limited from July 1998 to October 2003;
- auditor in Sichuan Zhongfa CPA Co., Ltd. from October 2003 to June 2007;
- auditor in Chengdu Communications Investment from June 2007 to December 2008;
- deputy manager and manager of finance department of Chengdu Communications Investment Property Company Limited from January 2009 to June 2016;
- deputy general manager of Chengguan Expressway Company from June 2016 to November 2016.

At present, Mr. Zhang also acts as chairman of the supervisory committee of Operation Company, director of Energy Development Company and chairman of the board of directors of Chengming Expressway Company.

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

Mr. Shu Bin (舒斌), aged 43, has served as Chief Engineer of the Company since September 2021, assisting the work of the General Manager and managing the safety management department and engineering technology department. Set forth below are the key biographies of Mr. Shu:

- deputy manager of the maintenance and management department of Chengdu Road and Bridge Operation and Management Company Limited (成都市路橋經營管理有限責任公司), deputy general manager of Chengpeng Expressway Company and deputy general manager of Chengming Expressway Company from May 2014 to April 2020;
- deputy general manager and head of the maintenance centre of Operation Company from April 2020 to March 2022;
- deputy general manager and head of the maintenance centre of Operation Company since September 2021.

At present, Mr. Shu also acts as an executive director of Chengpeng Expressway Company.

Mr. Shu graduated from Southwest Jiaotong University in January 2015 majoring in civil engineering (road and bridge), and was recognised as an engineer by Chengdu Professional Title Reform Leading Group in January 2013.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Pan Xin (潘欣), aged 35, has served as Deputy General Manager of the Company since May 2020 to assist the General Manager and take charge of the investment development department. He managed the safety engineering department from March to September 2021. Set forth below are the key biographies of Mr. Pan:

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

At present, Mr. Pan also acts as director of each of Energy Development Company and Operation Company.

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

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE STRUCTURE

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

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

The Company has adopted the principles and code provisions of good corporate governance as set out in part II of the Corporate Governance Code contained in Appendix 14 to the Listing Rules as its own corporate governance code. The Company has been in compliance with the applicable code provisions throughout the Reporting Period.

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

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

THE BOARD

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

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

CORPORATE GOVERNANCE REPORT

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

	Actual attendance/Required attendance					
	General Meeting	Board Meeting	Audit and Risk Management Committee Meeting	Nomination Committee Meeting	Remuneration and Evaluation Committee Meeting	Strategy and Development Committee Meeting
Executive Directors						
Yang Tan (<i>General Manager</i>)	4/4	23/23	N/A	N/A	N/A	9/9
Zhang Dongmin ⁽¹⁾	3/3	16/16	N/A	N/A	N/A	N/A
Wang Xiao ⁽²⁾	3/3	16/16	N/A	N/A	N/A	4/4
Luo Dan	4/4	23/23	N/A	N/A	3/3	N/A
Ding Dapan ⁽³⁾	1/1	7/7	N/A	N/A	N/A	N/A
Non-executive Directors						
Xiao Jun (<i>Chairman of the Board</i>) ⁽⁴⁾	4/4	23/23	N/A	3/3	N/A	N/A
Yang Bin	4/4	23/23	12/12	N/A	N/A	N/A
Wu Haiyan ⁽⁵⁾	1/1	7/7	N/A	N/A	1/1	N/A
Independent Non-executive Directors						
Qian Yongjiu ⁽⁶⁾	1/1	7/7	N/A	N/A	1/1	5/5
Wang Peng ⁽⁷⁾	1/1	7/7	4/4	N/A	1/1	N/A
Leung Chi Hang Benson ⁽⁸⁾	1/1	7/7	4/4	N/A	N/A	5/5
Shu Wa Tung, Laurence ⁽⁹⁾	3/3	16/16	8/8	N/A	N/A	4/4
Ye Yong ⁽¹⁰⁾	3/3	16/16	8/8	3/3	3/3	N/A
Li Yuanfu ⁽¹¹⁾	3/3	16/16	N/A	3/3	3/3	N/A

Notes:

1. Mr. Zhang Dongmin resigned as an executive Director of the Company on 30 September 2022.
2. Ms. Wang Xiao resigned as an executive Director of the Company on 30 September 2022.
3. Mr. Ding Dapan served as an executive Director of the Company commencing from 30 September 2022.
4. Mr. Xiao Jun resigned as the Chairman of the Board and a non-executive Director of the Company on 15 March 2023.
5. Ms. Wu Haiyan served as a non-executive Director of the Company commencing from 30 September 2022.
6. Mr. Qian Yongjiu served as an independent non-executive Director of the Company commencing from 30 September 2022.

CORPORATE GOVERNANCE REPORT

7. Mr. Wang Peng served as an independent non-executive Director of the Company commencing from 30 September 2022.
8. Mr. Leung Chi Hang Benson served as an independent non-executive Director of the Company commencing from 30 September 2022.
9. Mr. Shu Wa Tung, Laurence resigned as an independent non-executive Director of the Company on 30 September 2022.
10. Mr. Ye Yong resigned as an independent non-executive Director of the Company on 30 September 2022.
11. Mr. Li Yuanfu resigned as an independent non-executive Director of the Company on 30 September 2022.

CHAIRMAN OF THE BOARD AND THE GENERAL MANAGER

The Chairman of the Board and the General Manager (who discharges the responsibilities of the chief executive officer) of the Company are held by different persons. During the Reporting Period, the Chairman of the Board was served by Mr. Xiao Jun, a non-executive Director, and the General Manager of the Company was served by Mr. Yang Tan, an executive Director. On 15 March 2023, Mr. Xiao Jun resigned as the Chairman of the Board, and Mr. Yang Tan acted as the Chairman of the Board commencing from the same date until a new Chairman of the Board is nominated and appointed. The duties of the Chairman of the Board and the General Manager and the division of the work between them are clearly defined in writing to ensure a definite division of power and duties with clear-cut and efficient implementations of their respective duties.

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

TERMS OF APPOINTMENTS OF NON-EXECUTIVE DIRECTORS

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

CORPORATE GOVERNANCE REPORT

DUTIES OF THE BOARD

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

The Board is responsible for performing corporate governance functions, including (i) formulating and reviewing the corporate governance policies and practices of the Company; (ii) reviewing and monitoring the training and continuous professional development of the Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices in complying with legal and regulatory requirements; (iv) formulating, reviewing and monitoring codes of conduct and compliance manuals (if any) applicable to employees and the Directors; (v) ensuring that the Company establishes and maintains appropriate and effective risk management and internal control system and overseeing the design, implementation and supervision over the risk management and internal control system by the management of the Company; and (vi) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report. Regarding the performance of the aforementioned functions, during the Reporting Period, the Board has reviewed the Corporate Governance Report of the Company for 2021 and the trainings and continuous professional development undertaken by the Directors and senior management.

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

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

- (i) proposing to the Board the annual work summary of the Company for consideration and approval, and reporting the progress of the resolutions of the Board and updates on major projects of the Company;
- (ii) consulting the opinions of the non-executive Directors, independent non-executive Directors and Supervisors regarding the strategic decisions of the Company;
- (iii) furnishing the Board with management statements and industry overview on a monthly basis, and the securities market regulatory news as and when appropriate;

CORPORATE GOVERNANCE REPORT

- (iv) providing the independent non-executive Directors with documents and information required to perform their duties in a timely manner; and
- (v) arranging for Directors to participate in the training on the Listing Rules and providing advice on regulations to Directors and Supervisors upon request to help them fully and systematically understand the Company's operations and the relevant domestic and foreign regulations and principles regarding governance.

The Company is well aware that obtaining independent opinions by the Board is crucial to sound corporate governance and the effectiveness of the Board. The Board has established the following mechanisms to ensure that the Board can obtain independent opinions and perspectives, so as to enhance the objectivity and effectiveness of decision-making:

- (i) The number of independent non-executive Directors meets the requirements of the Listing Rules that the board must have at least three independent non-executive Directors and the appointed independent non-executive Directors must account for at least one third of the Board members;
- (ii) Independent non-executive Directors shall be assessed for their independence, qualifications and competence when they are appointed, and continue to be assessed for the above factors after their appointment;
- (iii) The Board annually listens to the work report of independent non-executive Directors, and evaluates the time invested by independent non-executive Directors in the affairs of the Company and the independent opinions expressed during the year;
- (iv) Directors may seek independent professional advice when necessary, and relevant expenses shall be borne by the Company;
- (v) Directors (including independent non-executive Directors) who have significant interests in contracts, arrangements or other proposals shall not vote or be counted in the quorum for any Board resolution approving such matters;
- (vi) The Chairman of the Board meets with independent non-executive Directors each year in the absence of executive Directors and non-executive Directors.

The Board also reviews the implementation and effectiveness of the above mechanism on an annual basis.

CORPORATE GOVERNANCE REPORT

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

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

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

Name of Director	Theme Training ^{Notes}	Monthly Law and Regulation Updates and Regulatory Dynamics
Executive Directors		
Yang Tan (<i>General Manager</i>)	✓	✓
Zhang Dongmin (<i>resigned on 30 September 2022</i>)	–	✓
Wang Xiao (<i>resigned on 30 September 2022</i>)	–	✓
Luo Dan	✓	✓
Ding Dapan	✓	✓
Non-executive Directors		
Xiao Jun (<i>Chairman of the Board</i>) (<i>resigned on 15 March 2023</i>)	✓	✓
Yang Bin	✓	✓
Wu Haiyan	✓	✓
Independent non-executive Directors		
Qian Yongjiu	✓	✓
Wang Peng	✓	✓
Leung Chi Hang Benson	✓	✓
Shu Wa Tung, Laurence (<i>resigned on 30 September 2022</i>)	–	✓
Ye Yong (<i>resigned on 30 September 2022</i>)	–	✓
Li Yuanfu (<i>resigned on 30 September 2022</i>)	–	✓

Notes:

- (1) On 17 November 2022, all the Directors, Supervisors and senior management members of the Company participated in the training regarding "Brief Description of Major Compliance Issues of Hong Kong Listed Companies and Compliance Reminders for A+H Companies" provided by DLA Piper Hong Kong, the legal adviser of the Company as to Hong Kong law.
- (2) From 14 December 2022 to 16 December 2022, Mr. Zhang Guangwen, joint company secretary of the Company, participated in the 67th online forum on enhancing continuous professional development for corporate governance professionals convened by Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries).

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

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

NOMINATION COMMITTEE

As at the end of the Reporting Period, the Nomination Committee consisted of three Directors, namely Mr. Xiao Jun (non-executive Director), Mr. Wang Peng (independent non-executive Director) and Mr. Qian Yongjiu (independent non-executive Director). Mr. Qian Yongjiu serves as the chairman of the Nomination Committee. Mr. Li Yuanfu (former independent non-executive Director) and Mr. Ye Yong (former independent non-executive Director) had resigned as members of the Nomination Committee on 30 September 2022, and Mr. Xiao Jun (non-executive Director) had resigned as a member of the Nomination Committee on 15 March 2023, and Mr. Yang Tan (executive Director) serves as a member of the Nomination Committee commencing from the same date.

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

CORPORATE GOVERNANCE REPORT

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

The Company has established a Board diversity policy. When designing the composition of the Board, in order to achieve a diversity of perspectives among members of the Board, the Company will consider various aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. In making recommendation or providing advice to the Board in respect of appointing new Directors of the Company, the Nomination Committee of the Board shall fully take into account the benefits of diversity of the Board. Selection of candidates will be based on a range of diversity aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will appoint at least one female Director. Meanwhile, the Company shall consider the above-mentioned factors based on its own business model and specific needs from time to time and make final decisions based on merits and contributions that the candidates will bring to the Board. In addition, the Company will also strive to achieve gender diversity when recruiting employees at all levels (including middle and senior levels), so as to provide suitable successors for the Board at the appropriate time and ensure gender diversity on the Board.

The Board comprises seven members with experience in transportation and education industries, accounting for 78% of the total members of the Board; three members with expertise, academic background and experience relevant to the finance, investment and other financial and economic industries, accounting for 33% of the total members of the Board; four members holding a master's degree or above, accounting for 44% of the total members of the Board; and one female member, accounting for 11% of the total members of the Board, having reached the measurable goal set for the Board diversity policy of the Company. Board members span over 35 to 60 in terms of age and possess diverse work experience, educational background and members of different age groups to provide various perspectives for the development of the Company. The Nomination Committee is of the opinion that the current Board composition is in line with the requirements set out in the Board Diversity Policy.

During the Reporting Period, the Nomination Committee actively performed its duties and convened 3 meetings in total, at which it reviewed the structure and composition of the Board, the independence of independent non-executive Directors and the continuing professional development training program of Directors and senior management in 2022 and completed nomination of the candidates for executive Directors, non-executive Directors and independent non-executive Directors of the second session of the Board, and revised the "Board Diversity Policy of Chengdu Expressway Co., Ltd." and the "Terms of Reference of the Nomination Committee of Chengdu Expressway Co., Ltd. (applicable upon A Shares listing), in accordance with the terms of reference of the Nomination Committee and other systematic requirements.

CORPORATE GOVERNANCE REPORT

REMUNERATION AND EVALUATION COMMITTEE

As at the end of the Reporting Period and up to the Reporting Date, the Remuneration and Evaluation Committee consisted of three Directors, namely Ms. Wu Haiyan (non-executive Director), Mr. Wang Peng (independent non-executive Director) and Mr. Qian Yongjiu (independent non-executive Director). Mr. Wang Peng serves as the chairman of the Remuneration and Evaluation Committee. Mr. Ye Yong (former independent non-executive Director) had resigned as chairman of the Remuneration and Evaluation Committee on 30 September 2022, and Mr. Luo Dan (executive Director) and Mr. Li Yuanfu (former independent non-executive Director) had resigned as members of the Remuneration and Evaluation Committee on the same date.

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

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

CORPORATE GOVERNANCE REPORT

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

Band of emoluments (in RMB)	Number	
	Year ended 31 December	
	2022	2021
1 to 100,000	–	1
100,000 to 200,000	–	1
200,000 to 300,000	–	–
300,000 to 400,000	–	1
400,000 to 500,000	2	1
500,000 to 600,000	1	1
600,000 to 700,000	3	2
700,000 to 800,000	2	1

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

During the Reporting Period, the Remuneration and Evaluation Committee actively performed its duties and responsibilities. It convened 4 meetings in total to consider, among others, the payment of remunerations to senior management for 2021, amendments to the "Terms of Reference of the Remuneration and Evaluation Committee of the Board of Chengdu Expressway Co., Ltd. (applicable upon A Share listing), and the formulation of the "Tenure and Contract-based Administrative Measures for Management Members of Chengdu Expressway Co., Ltd. (trial)" and the "Administrative Measures for Termination of Service with Tenure and Contract-based Management Members of Chengdu Expressway Co., Ltd. (trial)".

AUDIT AND RISK MANAGEMENT COMMITTEE

As at the end of the Reporting Period and up to the Reporting Date, the Audit and Risk Management Committee consisted of three Directors, namely Mr. Yang Bin (non-executive Director), Mr. Wang Peng (independent non-executive Director) and Mr. Leung Chi Hang Benson (independent non-executive Director). Mr. Leung Chi Hang Benson, who holds professional qualifications in accounting, serves as the chairman of the Audit and Risk Management Committee. Mr. Shu Wa Tung, Laurence (former independent non-executive Director) had resigned as chairman of the Audit and Risk Management Committee on 30 September 2022, and Mr. Ye Yong (former independent non-executive Director) had resigned as a member of the Audit and Risk Management Committee on the same date.

CORPORATE GOVERNANCE REPORT

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

During the Reporting Period, the Audit and Risk Management Committee actively performed its duties and convened 12 meetings in total to consider issues such as the appointment of auditors for the initial public offering of A Shares, supervising the implementation of the Company's internal audit system, considering the amendments to the Terms of Reference of the Audit and Risk Management Committee of the Board of Chengdu Expressway Co., Ltd. and the prospectus for the initial public offering of RMB-denominated ordinary shares (A Shares) of Chengdu Expressway Co., Ltd. (application draft), reviewing the financial statements and auditor's report for the year of 2021, the 2021 annual results announcement and the 2021 annual report of the Company, the 2022 interim report of the Company and the Company's management over connected transaction-related matters, and independently evaluated and supervised the compliance, legality and effectiveness of the Company's economic activities.

The Audit and Risk Management Committee had reviewed the annual results announcement and annual report of the Company for the year 2022.

CORPORATE GOVERNANCE REPORT

STRATEGY AND DEVELOPMENT COMMITTEE

As at the end of the Reporting Period and up to the Reporting Date, the Strategy and Development Committee consisted of three Directors, including Mr. Yang Tan (executive Director), Mr. Qian Yongjiu (independent non-executive Director) and Mr. Leung Chi Hang Benson (independent non-executive Director). Mr. Yang Tan serves as the chairman of the Strategy and Development Committee. Ms. Wang Xiao (former executive Director) and Mr. Shu Wa Tung, Laurence (former independent non-executive Director) had resigned as members of the Strategy and Development Committee on 30 September 2022.

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

During the Reporting Period, the Strategy and Development Committee actively performed its duties and convened 9 meetings in total to consider the 14th Five-Year Plan of Chengdu Expressway Co., Ltd., the amendments to the "Terms of Reference of the Strategy and Development Committee of the Board of Chengdu Expressway Co., Ltd." and the "Administrative Measures for Investment of Chengdu Expressway Co., Ltd.", the prospectus for the initial public offering of RMB-denominated ordinary shares (A Shares) of Chengdu Expressway Co., Ltd. (application draft), as well as to conduct research into and consider, among other things, the Company's investment in 2022.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

CORPORATE GOVERNANCE REPORT

Procedure for identifying, assessing and managing major risks

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

Characteristics of risk management and internal control system

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

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

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

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

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

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

Procedure for addressing serious internal control defect

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

Inside information management

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

CORPORATE GOVERNANCE REPORT

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

The reporting responsibilities of the Company's auditor for the Company's financial statements for the year ended 31 December 2022 are set out in the independent auditor's report in this annual report.

INDEPENDENCE OF EXTERNAL AUDITOR

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

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

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

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

For the year ended 31 December 2022, the remuneration payable by the Company to its auditor is set out below:

Item	Amount	Auditor
	<i>(RMB)</i>	
Audit services		
Auditing fee for 2022	1,528,302	Ernst & Young Hua Ming LLP
Special auditing fee for the Company's initial public offering of A Shares	2,604,528	Ernst & Young Hua Ming LLP
Total	4,132,830	

For the year ended 31 December 2022, the Company had RMB1,060,830 payable to the auditor, which represented the remaining special auditing fee for the Company's initial public offering of A Shares.

JOINT COMPANY SECRETARIES

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

In order to comply with the requirements of Rule 3.29 of the Listing Rules, during the year ended 31 December 2022, Mr. Zhang Guangwen and Ms. Kwong Yin Ping, Yvonne had attended relevant professional trainings for not less than 15 hours, respectively.

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

CORPORATE GOVERNANCE REPORT

SHAREHOLDER COMMUNICATION POLICY

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

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

The Company considers that effective communications with Shareholders are essential for enhancing the relations between investors and the Company, and investors' understanding of the Company's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders through general meetings. Chairman of the Board will preside over the general meetings, and arrange for members of the Board and senior management to attend the general meetings, answer questions from Shareholders and listen to their opinions.

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

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

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

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

The Company has reviewed the implementation of the policies on Shareholder communication during the Reporting Period, and considered such policies to be appropriate and effective.

CORPORATE GOVERNANCE REPORT

EMPLOYEE DIVERSITY

The Group attaches importance to and cultivates multiculturalism, and is committed to creating a workplace that provides equal opportunities for all employees, treating all employees equally, extending them a sense of belonging and respect, and prohibiting any form of discrimination in terms of gender, nationality, race and religion. The recruitment strategy of the Group is to hire suitable employees for suitable positions, regardless of gender. The Group welcomes individuals of all genders to join, and undertakes to provide employees with equal opportunities in recruitment, training and development, promotion and salary and welfare benefits. As at the end of the Reporting Period, the gender ratio of male and female employees (including senior management) of the Group was 1:1.4.

DIVIDEND POLICY

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

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

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

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

CORPORATE GOVERNANCE REPORT

AMENDMENTS TO ARTICLES OF ASSOCIATION, RULES OF PROCEDURE OF THE GENERAL MEETINGS, RULES OF PROCEDURE OF THE BOARD OF DIRECTORS AND RULES OF PROCEDURE OF THE SUPERVISORY COMMITTEE

On 28 April 2022, the Board resolved to propose to make certain amendments to the Articles of Association pursuant to the Reply of the State Council on the Adjustment to the Provisions of the Notice Period for Convening General Meetings and Other Matters Applicable to Overseas Listed Companies (Guo Han [2019] No. 97) (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》(國函[2019]97號)) and other requirements, and also proposed to make certain amendments to the rules of procedure of the general meetings of the Company. The proposed amendments have been considered and approved at the extraordinary general meeting and Class Meetings of the Company held on 8 July 2022, and took effect on the same date. For details, please refer to the announcements of the Company dated 28 April 2022 and 8 July 2022.

For details regarding the aforementioned amendments to the Articles of Association, please refer to the full-text published by the Company on the websites of the Company and the Stock Exchange on 8 July 2022.

On 9 September 2022, in order to satisfy relevant requirements on corporate governance and standardised operation following completion of the Proposed A-share Offering with reference to practices of listed peers and with due regard to the actual situation of the Company, the Board resolved to make amendments to certain articles of the Articles of Association, and make corresponding amendments to the rules of procedure of the general meetings, the rules of procedure of the Board of Directors and the rules of procedure of the Supervisory Committee. The proposed amendments have been considered and approved at the extraordinary general meeting and Class Meetings of the Company held on 26 October 2022, and will take effect from the date of completion of the Proposed A-share Offering. For details, please refer to the circular of the Company dated 10 October 2022 and the announcement dated 26 October 2022.

On 27 March 2023, the Board resolved to make certain amendments to the Articles of Association pursuant to the Administrative Measures on the Formulation of the Articles of Association of State-owned Enterprises (《國有企業公司章程制定管理辦法》) and other requirements, and make corresponding amendments to the Articles of Association applicable after listing of the A shares of the Company. The proposed amendments to the Articles of Association are subject to consideration and approval by the Shareholders at the general meeting of the Company. For details, please refer to the announcement of the Company dated 27 March 2023.

DIRECTORS' REPORT

The Board is pleased to present this report and the audited financial statements of the Group for the year ended 31 December 2022.

GROUP ACTIVITIES AND PERFORMANCE

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

The Company's results for the year ended 31 December 2022 and the financial position of the Company as at the same date are set out in the audited financial statements of this annual report.

BUSINESS REVIEW

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

FINANCIAL HIGHLIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in reserves of the Group during the Reporting Period are set out in the section headed "Consolidated Balance Sheet" and note V.30-33 to the financial statements of this annual report. The total amount of the reserve distributable to equity Shareholders as at the end of the Reporting Period was approximately RMB1,527,160,528.

DIRECTORS' REPORT

DIVIDENDS

According to the Reply on the Profit Distribution in the Consolidated Financial Statements issued by the Ministry of Finance, the profit distribution of companies that prepare consolidated accounting statements shall be based on the distributable profits of the parent company. As such, the Board proposed to make profit distribution based on the relevant data stated in the financial statements of the parent company (i.e. the financial statements of the Company) which is prepared in accordance with the China Accounting Standards for Business Enterprises. In 2022, the Company realised net profit of RMB543,285,514 , of which distributable profit was RMB488,956,962.

The Board recommended a final cash dividend for 2022 of RMB0.178 per Share (tax inclusive), totaling RMB294,786,156 based on the Company's current total number of Shares of 1,656,102,000. The dividend distribution proposal is subject to the approval by the Shareholders at the AGM to be held on 12 May 2023. If approved, the final dividends are expected to be paid on 11 July 2023 to Shareholders whose names appear on the register of members of the Company on 23 May 2023. Dividends payable to the holders of Domestic Shares will be paid in RMB, and dividends payable to the holders of H Shares will be paid in Hong Kong dollars. The amount of Hong Kong dollars payable will be calculated based on the average central parity rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China during the calendar week prior to the announcement of declaration of the final dividend at the AGM (if approved).

The amount of dividends proposed for 2022 accounted for approximately 60.3% of the distributable profits stated in the financial statements of the Company during the year. As of the Reporting Date, the Company was not aware of any arrangements pursuant to which any shareholder had waived or agreed to waive any dividends.

TAXATION ON DIVIDENDS

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

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

DIRECTORS' REPORT

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

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

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

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

CLOSURE OF REGISTER OF MEMBERS

The 2022 AGM will be convened on Friday, 12 May 2023. In order to ascertain Shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 9 May 2023 to Friday, 12 May 2023 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all duly completed transfer forms accompanied by the relevant Share certificates shall be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration before 4:30 p.m. on Monday, 8 May 2023. Shareholders whose names appear on the register of members of the Company on Tuesday, 9 May 2023 shall be eligible to attend the AGM.

The register of members of the Company will be closed from Thursday, 18 May 2023 to Tuesday, 23 May 2023 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for receiving the final dividends, holders of H Shares shall lodge transfer documents with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration before 4:30 p.m. on Wednesday, 17 May 2023. Shareholders whose names appear on the register of members of the Company on Tuesday, 23 May 2023 shall be eligible to receive final dividends.

DIRECTORS' REPORT

PUBLIC FLOAT

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

SHARE CAPITAL

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

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

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

As of 31 December 2022, based on the information available to the Company and to the best knowledge of the Directors, none of the Directors, Supervisors or chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or were recorded in the register required to be kept by the Company under section 352 of the SFO, or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' REPORT

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As of 31 December 2022, based on the information available to the Company and to the best knowledge of the Directors, the following persons (other than the Company's Directors, Supervisors and chief executive) or corporations had interests or short positions in the Shares or underlying Shares of the Company which had to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register required to be kept by the Company under section 336 of the SFO:

Domestic Shares

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

Notes:

- (1) Chengdu Communications Investment is held by the State-owned Assets Supervision and Administration Commission of Chengdu Municipal Government and Sichuan Provincial Finance Department as to 90% and 10%, respectively.
- (2) Chengdu Expressway Construction is wholly owned by Chengdu Communications Investment.

DIRECTORS' REPORT

H Shares

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

DIRECTORS' REPORT

Notes:

- (1) Guangdong Provincial Communication Group Company Limited holds interests in 100,000,000 H Shares of the Company through its wholly-owned subsidiary, Xin Yue Company Limited.
- (2) Chengdu Rail Industrial Investment Group Co., Ltd. is wholly-owned by Chengdu Rail Transit Group Co., Ltd. Chengdu Rail Industrial Investment Group Co., Ltd. holds interests in 49,950,000 H Shares of the Company through investment in the trust scheme of China Credit Trust Co., Ltd (中誠信託有限責任公司).
- (3) As an investor manager, Fullgoal Fund Management Co., Ltd. holds interests in 49,900,000 H Shares of the Company. The fund it manages is the Fullgoal Fund Global Allocation No. 6 QDII-Asset Management Plan (富國基金全球配置6號 QDII – 資產管理計劃).
- (4) Chengdu Tianfu New Area Investment Group Co., Ltd. holds 100% interests in Chengdu Tianfu Capital Investment Co., Ltd.. Chengdu Tianfu Capital Investment Co., Ltd. holds interests in 42,939,000 H Shares of the Company through investment in the trust scheme of China Credit Trust Co., Ltd.
- (5) Chengdu Advanced Manufacturing Industry Investment Co., Ltd. is wholly owned by Chengdu Industry Investment Group Co., Ltd. Chengdu Advanced Manufacturing Industry Investment Co., Ltd. is interested in 25,646,000 H Shares of the Company through investment in the Chengxin No. 103 Trusted Overseas Wealth Management Project of China Credit Trust (中誠信託誠信海外配置103號受託境外理財項目).

Save as disclosed above, as at 31 December 2022, the Company had not been notified by any person (other than Directors, Supervisors or chief executive of the Company) or corporation which had an interest or short position in the Shares or underlying Shares of the Company which would be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

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

The total purchase amount of the Group during the Reporting Period amounted to approximately RMB1,616,354,246, of which purchases from the five largest suppliers of the Group accounted for 76.41% of our total purchase amount, and purchase from the largest supplier accounted for 44.92% of our total purchase amount.

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

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

LIST OF DIRECTORS

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

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

DIRECTORS' AND SUPERVISORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

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

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

PERMITTED INDEMNITY PROVISION

The Company maintained Directors' liability insurance to protect them from any loss to which the Directors of the Company might be liable arising from their actual or alleged misconduct. Such insurance was valid throughout the financial year ended 31 December 2022 and still remains in effect as at the Reporting Date.

MANAGEMENT CONTRACTS

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

COMPLIANCE WITH THE NON-COMPETITION AGREEMENT AND ENTERING INTO THE NEW NON-COMPETITION AGREEMENT

The Company and Chengdu Communications Investment entered into a non-competition agreement on 29 June 2017, and supplemental agreement to the non-competition agreement on 25 May 2020 (collectively, the "Original Non-competition Agreements"), pursuant to which Chengdu Communications Investment has irrevocably undertaken that, Chengdu Communications Investment and its subsidiaries (excluding the Group) will not, during the term of the Non-competition Agreements, and will procure their associates not to, directly or indirectly, engage in, individually or jointly, with other entities, or assist to engage in or participate in any business which competes with the Group's principal business in Sichuan Province, the PRC.

Given that the Company proposes to publicly issue A Shares and list the same on the A-share market, in order to comply with relevant requirements of the regulatory authorities and stock exchanges of both the A-share and H-share markets, and further regulate the non-competition issues between the Company and Chengdu Expressway Construction and Chengdu Communications Investment, the parties entered into the new non-competition agreement on 9 September 2022 (the "New Non-competition Agreement") to regulate relevant issues. The New Non-competition Agreement has been approved by the independent Shareholders at the extraordinary general meeting of the Company held on 30 September 2022 to replace the Original Non-competition Agreements. For details, please refer to the announcement of the Company dated 30 September 2022.

DIRECTORS' REPORT

In addition, pursuant to the New Non-competition Agreement, both Chengdu Expressway Construction and Chengdu Communications Investment have undertaken to grant the Company an option to acquire new business opportunities that may compete, directly or indirectly, with the principal business of the Group, and acquisition options and right of first refusal for the competing business (as defined in the circular of the Company dated 14 September 2022). For details of the New Non-competition Agreement, please refer to the circular of the Company dated 14 September 2022.

During the Reporting Period, the Company received a letter from Chengdu Communications Investment inquiring with the Company on whether to acquire the equity interests in relevant petrol stations.

As stated in the announcement of the Company dated 22 April 2022, Chengdu Municipal Administration Committee (成都市城市管理委員會) and Chengdu Science and Technology Bureau (成都市科學技術局) propose to transfer their respective equity interests held in Chengdu Chengke Huanghua Petrol Station (成都成科皇花加油站) and two other enterprises (collectively, the "Target Enterprises", which own a total of four petrol stations, including Chengdu Chengke Huanghua Petrol Station, Xinhua Petrol Station, Huamin Petrol Station and Shiling Petrol Station (成都市市政十陵加油站)) to Chengdu Communications Investment at nil consideration (the "Project").

Chengdu Communications Investment inquired with the Company on whether the Company proposes to acquire the equity interests in the Target Enterprises. After making analysis of the Project, all independent non-executive Directors of the Company are of the view that as issues relating to the property ownership and labor and personnel of the Target Enterprises have not been settled and the Company is not a qualified transferee for the purpose of the aforementioned equity transfer at nil consideration, it is therefore not the appropriate timing for the Company to acquire the equity interests in the Target Enterprises. Based on the above, all independent non-executive Directors of the Company have resolved that the Company will not acquire the Project for the time being, provided that the Company shall at all times be entitled to exercise the acquisition option, right of first refusal and other rights under the Non-competition Agreement following the completion of registration of change in capital contributor of the Target Enterprises by Chengdu Communications Investment with the market administration and regulation authorities and settlement of the aforementioned issues. If the Company exercises relevant rights under the Non-competition Agreement in respect of the Project, the Company will comply with approval procedures and disclosure obligations in accordance with applicable laws and regulations as well as the Listing Rules. For details, please refer to the announcement of the Company dated 22 April 2022.

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

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

DIRECTORS' REPORT

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

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

Property Leasing Framework Agreement

Parties and connected relations:	The Company and Chengdu Communications Investment (the ultimate controlling shareholder of the Company and thus a connected person of the Company)
Date and term:	Renewed on 7 August 2020 for a term commencing from 1 January 2021 to 31 December 2023. For details, please refer to the announcement of the Company dated 7 August 2020.
Subject:	Chengdu Communications Investment Group may lease properties to the Group.
Pricing principle:	Determined at arm's-length negotiations between relevant parties and with reference to the prevailing market price of local properties in vicinity with similar size and quality.
Annual cap during the Reporting Period:	Right-of-use assets with a total amount of RMB17 million
Amount actually incurred:	RMB0

DIRECTORS' REPORT

General Services Framework Agreement

Parties and connected relations:	The Company and Chengdu Communications Investment (the ultimate controlling shareholder of the Company and thus a connected person of the Company)
Date and term:	Renewed on 7 August 2020 for a term commencing from 1 January 2021 to 31 December 2023. For details, please refer to the announcement of the Company dated 7 August 2020.
Subject:	Chengdu Communications Investment and its associates may provide the following general services to the Group: to provide property management service and water and electricity services, elevator access control card service, parking management service and repair and maintenance services to the properties of Chengdu Communications Investment and its associates leased by the Group; and to provide management and leasing services and staff canteen catering service to the properties owned by the Group; and to provide other general services as agreed by both parties to the Group.
Pricing principle:	Determined based on the general principles and in the following order: (1) Adopting market price; and (2) If no market price is available or the principles above are not applicable in actual transactions, the agreed price shall be adopted.
Annual cap of total transactions during the Reporting Period:	RMB7.4 million
Amount actually incurred:	RMB3.42 million

DIRECTORS' REPORT

Refined Oil Framework Agreement

Parties and connected relations: Zhongyou Energy and PetroChina Chengdu Sales Branch (a branch of PetroChina, a substantial shareholder of Zhongyou Energy and therefore a connected person of the Company)

Date and term: Renewed on 7 August 2020 for a term commencing from 7 August 2020 to 31 December 2022. For details, please refer to the announcement of the Company dated 7 August 2020.

As the validity of the original Refined Oil Framework Agreement and the annual caps of the continuing connected transactions contemplated thereunder would expire on 31 December 2022, on 28 December 2022, Zhongyou Energy and PetroChina Chengdu Sales Branch entered into the New Refined Oil Framework Agreement with a term of three years commencing from 1 January 2023 and ending on 31 December 2025. For details, please refer to the announcement of the Company dated 28 December 2022.

Subject: Zhongyou Energy may purchase specific types of refined oil (including transportation service) from PetroChina Chengdu Sales Branch.

Pricing policy: PetroChina Chengdu Sales Branch shall supply refined oil to Zhongyou Energy at most favourable selling price which shall not exceed the prevailing transfer price of PetroChina Sichuan Sales Branch (being the arrival price which includes the cost of transportation service, and such transfer price shall not exceed the prevailing guidance price of refined oil published by the National Development and Reform Commission on its official website, and pursuant to the Measures for the Administration of Petroleum Prices (《石油價格管理辦法》) promulgated by the National Development and Reform Commission on 13 January 2016, the adjustment guidance prices are issued every 10 working days) on the date of issuing of the sales invoice.

Annual cap of total transactions during the Reporting Period: RMB1,500 million

Amount actually incurred: RMB634.20 million

DIRECTORS' REPORT

Entrusted Operation and Management Contract

Parties and connected relations: Operation Company and Chengming Expressway Company (a connected subsidiary of the Company and therefore a connected person of the Company)

Date and term: 20 May 2020 for a term commencing from 1 May 2020 to 31 December 2022, which may be early terminated upon agreement by both parties due to change of controlling shareholder or de facto controller of Chengming Expressway Company. For details, please refer to the announcement of the Company dated 20 May 2020.

As the validity of the original Entrusted Operation and Management Contract and the annual caps of the continuing connected transactions contemplated thereunder would expire on 31 December 2022, on 28 December 2022, Operation Company and Chengming Expressway Company entered into the New Entrusted Operation and Management Contract with a term of three years commencing from 1 January 2023 and ending on 31 December 2025. For details, please refer to the announcement of the Company dated 28 December 2022.

Subject: Operation Company is entrusted by Chengming Expressway Company to take charge of the management of Qiongming Expressway and the operation and management of all its supporting facilities.

Pricing policy: Determined after arm's-length negotiations between the two parties with reference to the Group's operation and management experience of toll expressways and estimation of potential revenue, cost and expenses arising from operation and management of Qiongming Expressway, which is on the same standards applied to operation and management by the Operation Company of the Group's other expressways.

Annual cap of total transactions during the Reporting Period: RMB7.92 million

Amount actually incurred: RMB5.26 million

DIRECTORS' REPORT

Entrustment Management Agreement – Huamin Petrol Station (including Shiling Petrol Station)

Parties and connected relations:	Chengdu Communications Investment, Energy Operation and Huamin Petrol Station (including Shiling Petrol Station) (Chengdu Communications Investment is one of the controlling shareholders of the Company, and Huamin Petrol Station (including Shiling Petrol Station) are controlled by Chengdu Communications Investment, therefore Chengdu Communications Investment and Huamin Petrol Station (including Shiling Petrol Station) are connected persons of the Company)
Date and term:	29 August 2022. The term of entrusted management of Huamin Petrol Station by Energy Operation shall commence on 23 April 2022 and end on 31 December 2024; and the term of entrusted management of Shiling Petrol Station shall commence on 1 October 2022 and end on 31 December 2024. In the event of any change in the shareholding of Huamin Petrol Station prior to the expiry of the management term, the agreement may be terminated earlier through negotiation between the parties. For details, please refer to the announcement of the Company dated 29 August 2022.
Subject:	Chengdu Communications Investment agreed to entrust the management of overall corporate operation of Huamin Petrol Station (including Shiling Petrol Station established with its capital contribution) to Energy Operation, which mainly includes the production and operation activities of petrol stations, as well as the management activities including but not limited to safety, environmental protection, occupational health, equipment and facilities, finance and human resources management for production and operation.
Pricing policy:	Energy Operation shall charge each of Huamin Petrol Station and Shiling Petrol Station an annual management fee of 6% of their respective annual operating revenue.
Annual cap of total transactions during the Reporting Period:	RMB2.5 million
Amount actually incurred:	RMB1.92 million

DIRECTORS' REPORT

Entrustment Management Agreement – Xinhua Petrol Station

Parties and connected relations:	Chengdu Communications Investment, Energy Operation and Xinhua Petrol Station (Chengdu Communications Investment is one of the controlling shareholders of the Company, and Xinhua Petrol Station is controlled by Chengdu Communications Investment, therefore Chengdu Communications Investment and Xinhua Petrol Station are connected persons of the Company)
Date and term:	29 August 2022. The term of entrusted management of Xinhua Petrol Station by Energy Operation shall commence on 23 April 2022 and end on 31 December 2024. In the event of any change in the shareholding of Xinhua Petrol Station prior to the expiry of the management term, the agreement may be terminated earlier through negotiation between the parties. For details, please refer to the announcement of the Company dated 29 August 2022.
Subject:	Chengdu Communications Investment agreed to entrust the management of overall corporate operation of Xinhua Petrol Station to Energy Operation, which mainly includes the production and operation activities of petrol stations, as well as the management activities including but not limited to safety, environmental protection, occupational health, equipment and facilities, finance and human resources management for production and operation.
Pricing policy:	Energy Operation shall charge Xinhua Petrol Station an annual management fee of 6% of its annual operating revenue.
Annual cap of total transactions during the Reporting Period:	RMB2.2 million
Amount actually incurred:	RMB1.96 million

DIRECTORS' REPORT

Entering into the Highway Business Operation Services Framework Agreement

Parties and connected relations:	Chengdu Communications Investment and the Company (Chengdu Communications Investment is the ultimate controlling shareholder of the Company, and therefore is a connected person of the Company)
Date and term:	On 20 May 2022, the Company entered into the Highway Business Operation Services Framework Agreement with Chengdu Communications Investment for a term from 20 May 2022 to 31 December 2024. For details, please refer to the announcement of the Company dated 20 May 2022.
Subject:	Chengdu Communications Investment Group shall provide the Group with the comprehensive services in relation to highway business operation, including regular maintenance services, special construction ancillary services, surveying and design, inspection and other comprehensive services in relation to highway business operation as may be further agreed between the parties from time to time.
Pricing policy:	The prices for each of the services under the Highway Business Operation Services Framework Agreement shall be determined in the following order: government pricing, government-guided prices, market prices, agreed prices, and for services subject to tender procedures as required by applicable laws and regulations, the pricing shall be based on the prices finally determined through the tender process.
Annual cap of total transactions during the Reporting Period:	RMB76.5 million
Amount actually incurred:	RMB7.84 million

DIRECTORS' REPORT

Entering into the Refined Oil Purchase and Sale Contracts – Huamin Petrol Station (including Shiling Petrol Station)

Parties and connected relations:	Energy Operation, Huamin Petrol Station (including Shiling Petrol Station) (Chengdu Communications Investment is one of the controlling shareholders of the Company, and Huamin Petrol Station (including Shiling Petrol Station) are controlled by Chengdu Communications Investment, therefore Chengdu Communications Investment and Huamin Petrol Station (including Shiling Petrol Station) are connected persons of the Company)
Date and term:	On 28 April 2022, Energy Operation entered into the Huamin Refined Oil Purchase and Sale Contract with Huamin Petrol Station (including Shiling Petrol Station) for a term from the effective date of the contract to 31 August 2023. For details, please refer to the announcement of the Company dated 28 April 2022.
Subject:	Energy Operation shall supply refined oil to Huamin Petrol Station and Shiling Petrol Station (established by Huamin Petrol Station), payment of which shall be settled on a weekly (seven days) basis with the cumulative delivery quantity of the preceding week to be determined on Mondays (or the first working day thereafter in case of statutory holidays).
Pricing policy:	The unit price of respective oil products shall be determined based on the arithmetic average of the average oil prices of Chengdu Sinopec and Chengdu PetroChina of a given week as published by the Refined Oil Price Center of JLC (http://www.315i.com/), and, in case that no weekly average oil price is available for a given week, the arithmetic average of the average oil prices of the preceding week for which payment has been settled shall apply (the aforesaid prices include transportation expenses).
Annual cap of total transactions during the Reporting Period:	RMB53 million
Amount actually incurred:	RMB26.51 million

DIRECTORS' REPORT

Entering into the Refined Oil Purchase and Sale Contracts – Xinhua Petrol Station

Parties and connected relations:	Energy Operation, Xinhua Petrol Station (Chengdu Communications Investment is one of the controlling shareholders of the Company, and Xinhua Petrol Station is controlled by Chengdu Communications Investment, therefore Chengdu Communications Investment and Xinhua Petrol Station are connected persons of the Company)
Date and term:	On 28 April 2022, Energy Operation entered into the Xinhua Refined Oil Purchase and Sale Contract with Xinhua Petrol Station for a term from the effective date of the contract to 31 August 2023. For details, please refer to the announcement of the Company dated 28 April 2022.
Subject:	Energy Operation shall supply refined oil to Xinhua Petrol Station, payment of which shall be settled on a weekly (seven days) basis with the cumulative delivery quantity of the preceding week to be determined on Mondays (or the first working day thereafter in case of statutory holidays).
Pricing policy:	The unit price of respective oil products shall be determined based on the arithmetic average of the average oil prices of Chengdu Sinopec and Chengdu PetroChina of a given week as published by the Refined Oil Price Center of JLC (http://www.315i.com/), and, in case that no weekly average oil price is available for a given week, the arithmetic average of the average oil prices of the preceding week for which payment has been settled shall apply (the aforesaid prices include transportation expenses).
Annual cap of total transactions during the Reporting Period:	RMB36 million
Amount actually incurred:	RMB27.33 million

DIRECTORS' REPORT

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

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

The auditor of the Company have provided a letter to the Board and a copy of the auditor's letter has been provided by the Company to the Stock Exchange that, in respect of the above-mentioned continuing connected transaction:

(i) nothing has come to their attention that causes them to believe that such continuing connected transaction has not been approved by the Board; (ii) nothing has come to their attention that causes them to believe that such continuing connected transaction was not conducted, in all material respects, in accordance with the relevant agreement governing the transaction; (iii) such continuing connected transaction has not exceeded the annual caps set by the Company; and (iv) nothing has come to their attention that causes them to believe that such continuing continued transaction (involving the provision of goods or services by the Group) was not conducted, in all material respects, in accordance with the pricing policies of the Group.

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

NON-EXEMPT CONNECTED TRANSACTIONS

The Company conducted the following non-exempt connected transactions during the Reporting Period:

ENTERING INTO THE BORROWING AGREEMENT

On 16 June 2022, the Company entered into the Borrowing Agreement with Chengming Expressway Company, pursuant to which, the Company agreed to provide Chengming Expressway Company with the borrowing in a principal amount of RMB35 million (the "Borrowing"). The Borrowing advanced by the Company to Chengming Expressway Company carries an annual interest rate of 2.8%, and will be advanced in one lump sum upon entering into the agreement for repayment of the consortium loans of Chengming Expressway Company. The term of the Borrowing is one year commencing from the date on which Chengming Expressway Company receives the Borrowing. Upon expiry of the term, Chengming Expressway Company shall repay the principal of the Borrowing and interest accrued thereon in one lump sum with its own funds. For details, please refer to the announcement of the Company dated 16 June 2022.

DIRECTORS' REPORT

CAPITAL INCREASE IN HUITONG FINANCIAL LEASING

On 21 June 2022, the Company and Chengdu Communications Investment (a controlling shareholder of the Company), Shandong Publishing Group Co., Ltd. (山東出版集團有限公司), Inspur Group Co., Ltd. (浪潮集團有限公司) and Shandong Airport Management Group Co., Ltd. (山東省機場管理集團有限公司), and Shandong Huitong Financial Leasing Co., Ltd. (山東匯通金融租賃有限公司) (“Huitong Financial Leasing”) entered into the capital increase agreement, pursuant to which, the Company and Chengdu Communications Investment agreed to make cash contribution of RMB70 million and RMB805 million, respectively to Huitong Financial Leasing. Upon completion of the capital increase, the Company and Chengdu Communications Investment will hold 1.6% and 18.4% equity interests in Huitong Financial Leasing, respectively. The capital increase will strengthen the business collaboration with Huitong Financial Leasing, diversify the Company’s financing channels and meet certain capital requirements for development of the Company. For details, please refer to the announcement of the Company dated 21 June 2022.

ENTERING INTO THE NEW NON-COMPETITION AGREEMENT

Given that the Company proposes to publicly issue A Shares and list the same on the A-share market, in order to comply with relevant requirements of the regulatory authorities and stock exchanges of both the A-share and H-share markets, and further regulate the non-competition issues between the Company and Chengdu Expressway Construction and Chengdu Communications Investment, the parties entered into the new non-competition agreement on 9 September 2022 (the “New Non-competition Agreement”) to regulate relevant issues. The New Non-competition Agreement has been approved by independent Shareholders at the extraordinary general meeting of the Company held on 30 September 2022 to replace the Original Non-competition Agreements. For details, please refer to the announcement of the Company dated 9 September 2022 and the circular dated 14 September 2022.

A summary of the major related party transactions of the Company during the Reporting Period can be found in Note IX to the financial statements. Save as disclosed above (such transactions have complied with the disclosure requirements under Chapter 14A of the Listing Rules), other related party transactions as set out in Note IX of the financial statements do not constitute discloseable connected transactions under the Listing Rules.

DIRECTORS' REPORT

OTHER MATTERS

SUBSCRIPTION FOR STRUCTURED DEPOSITS

During the Reporting Period, the structured deposits (all of which are principal-guaranteed with floating rate) subscribed for by the Company and its subsidiaries are as follows:

Subscription date	Subscriber	Bank	Amount (RMB million)	Commencement date	Maturity date	Expected annualised rate of return
5 January 2022	The Company	China Construction Bank Corporation	280	7 January 2022	24 June 2022	1.60%-3.40%
5 January 2022	The Company	Industrial and Commercial Bank of China	120	7 January 2022	24 June 2022	1.30%-3.40%
14 March 2022	The Company	Industrial and Commercial Bank of China	60	17 March 2022	23 June 2022	1.30%-3.29%
4 July 2022	The Company	China Construction Bank Corporation	320	6 July 2022	23 December 2022	1.60%-3.40%
4 July 2022	The Company	Bank of Chengdu	50	6 July 2022	23 December 2022	1.54%-3.40%
18 July 2022	Communications Investment Energy	Bank of Chengdu	100	18 July 2022	18 October 2022	1.54%-3.45%
7 July 2022	The Company	Industrial and Commercial Bank of China	130	11 July 2022	22 December 2022	1.30%-3.40%
28 October 2022	Communications Investment Energy	Industrial and Commercial Bank of China	100	1 November 2022	29 December 2022	0.95%-3.20%

For further details regarding subscription of structured deposits, please refer to the announcements of the Company dated 5 January, 14 March, 4 July, 18 July and 28 October 2022.



DIRECTORS' REPORT

ENVIRONMENTAL POLICY AND PERFORMANCE

The Company regards environmental protection as an important corporate responsibility and places great emphasis on implementing environmental protection measures in our daily operations. The Company has established a safety and environmental protection supervision team comprising general manager as the team leader, other senior management as the deputy team leaders and the heads of various departments as members, and formulated the Administrative Measures for Urban and Rural Environmental Comprehensive Management to regulate the appearance, order, environmental sanitation and greening ecology at full line of the expressways, office areas and service areas, as well as the Work Plan of Environmental Pollution Prevention and Green Development of Managed Expressways in 2022 to further strengthen the ecological environment protection on the managed expressways, and realise the normalization and regularisation of the environmental pollution prevention and control work. While the Company's main business is not in a highly polluting or hazardous industry, the traffic on the Company's expressways may produce exhaust gas, dust and noise pollution, and the Group's road maintenance, expansion or construction work may affect the surrounding vegetation, soil and water. Therefore, the Company has strictly controlled dust, noise and sewage discharge, and required measures such as closure, dust reduction and noise reduction be taken at the road construction site.

COMPLIANCE WITH LAWS AND REGULATIONS

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

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

During the Reporting Period, to the best knowledge of the Directors, the Company did not have any non-compliance with applicable laws and regulations that are significant to the Company.

DIRECTORS' REPORT

RELATIONSHIP WITH STAKEHOLDERS

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

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

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

EQUITY-LINKED AGREEMENT

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

PRE-EMPTIVE RIGHTS

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

FIXED ASSETS

Details of changes in fixed assets of the Group during the Reporting Period are set out in note V.10 to the financial statements of this annual report.

INTANGIBLE ASSETS

Details of changes in intangible assets of the Group during the Reporting Period are set out in note V.13 to the financial statements of this annual report.

EMPLOYEE AND REMUNERATION POLICIES

As of the end of the Reporting Period, the Group had an aggregate of 2,190 employees (31 December 2021: 2,177), including 1,874 front-line staff, accounting for 85.6% of the total; 240 general management personnel, including staff in finance, human resources and other departments, accounting for 10.9% of the total; and 76 middle-level department managers and above, accounting for 3.5% of the total.

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

Pursuant to statutory requirements, the Group has participated in the employee retirement scheme organised by the local government authorities (social pension insurance) and the housing provident fund plan, and has adopted various protection plans such as basic medical insurance, work injury insurance, unemployment insurance and maternity insurance for its employees. The Group is required to contribute to the aforesaid employee retirement scheme organised by local government authorities subject to a certain percentage of the salaries of the employees. The sole responsibility of the Group under such scheme is to contribute the prescribed amount. In addition, the Group also participates in an additional employee retirement scheme, i.e. annuity. The Group will pay annuity on a monthly basis subject to a certain percentage of the average salaries of qualified employees in the previous year.

The Group's contributions to the defined contribution plans for its employees are fully and immediately vested at the time of contribution, and may not be offset by the contributions confiscated before being fully vested due to termination of the plan with the employees.

The Company's executive Directors and the employee representative Supervisors received management remuneration based on their specific management positions in the Company. They do not receive any remuneration for their positions as Directors or Supervisors, non-executive Directors also do not receive remuneration as non-executive Directors, and independent non-executive Directors receive remunerations based on their relevant experience and responsibilities in the Company subject to approval at the general meeting. Remuneration of the senior management includes fixed salary and performance bonuses, of which performance bonuses are calculated based on how the annual performance targets are met by them, and will be reviewed by the Remuneration and Evaluation Committee.

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

Based on the operating performance targets approved by the Board, the Company will determine the annual tasks and targets for subsidiaries of all ranks, segregate and delegate the Company's objectives to the relevant enterprises and staff. Meanwhile, each subsidiary is required to sign accountability statements on operation results with the general manager of the Company. At the end of 2022, the Board and the general manager determined the overall performance score of the Company and individual performance scores of the senior management members with reference to the state of completion of the Company's and individual performance targets, and calculate the performance bonuses for the senior management members accordingly. The remuneration of all senior management members is subject to review by the Remuneration and Evaluation Committee and needs to be reported to the Board.

DIRECTORS' REPORT

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

During the Reporting Period, the relevant staff costs amounted to RMB348,574,952 (2021: RMB341,601,223). For details, please refer to Note V.46 to the financial statements of this annual report.

PROGRESS OF LAND USE RIGHTS

The Group had obtained the land use right certificates for the land with a site area of approximately 166,593 square metres used for the expansion project of our Chengpeng Expressway (the "Land"). The Land accounts for approximately 18.4% of the land used for this expansion project. The Land consists of (i) the one additional lane which was added next to each of the exterior lane of the pre-expansion Chengpeng Expressway for the road section between Chengmian Expressway (Parallel Line) and Chengdu No. 2 Ring Expressway; and (ii) the two additional lanes which were added next to each of the exterior lanes of the pre-expansion Chengpeng Expressway for the road section between Chengdu No. 2 Ring Expressway and the Chengdu Toll Plaza of Chengpeng Expressway.

MAJOR RISKS AND UNCERTAINTIES

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

Policy risks and the corresponding measures

Renew or extend the duration of right to operate expressway

The remaining operating period of the Group's expressways ranges from 1 year to 15 years. While the Group strives to renew or extend the operating periods of its expressways, it cannot assure that the Group will be able to obtain the necessary approval from relevant government authorities. Failure to extend the duration of our right to operate the expressways may materially and adversely affect the Group's business, results of operations and financial condition. Any adverse change to such arrangements with local governments could have a material adverse effect on the Group's financial position, results of operations and prospects.

DIRECTORS' REPORT

Tolling policy

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

According to the Measures for Evaluation of Expressway Safety and Service Quality of Sichuan Province (《四川省高速公路安全和服務質量考評辦法》) implemented by the Sichuan Provincial Transportation Department commencing from October 2021, the Expressway Administration Bureau of Sichuan Provincial Transportation Department shall evaluate the expressways in operation within the administrative division of Sichuan Province. The evaluation results will be included in the annual credit evaluation of expressway operators, and are linked to the payment ratio of road network operation guarantee service fees and the settlement period of toll income from ETC vehicles. Any decline in scores on expressway safety and service quality accredited by the competent department will lead to an adjustment of the settlement period of toll income, and in turn will have an adverse impact on the operation of the Company.

The Classification by Vehicle Types on Toll Roads (JT/T489-2019) issued by the MOT and implemented on 1 January 2020, stipulates that passenger vehicle and freight vehicle are charged according to the classification of vehicle types. Although vehicle classification standards have been adjusted by the competent authorities from time to time and such adjustments have not affected the Group's toll income significantly, there can be no assurance that any future guidelines, notices or changes of the government policies relating to transportation and logistics will not adversely affect the business, results of operations, financial conditions and prospects of the Group. In addition, certain vehicles are exempted from toll payment pursuant to the Regulations on the Administration of Toll Roads (《收費公路管理條例》), the Notice of the State Council on the Approval and Forwarding of the Implementation of the Toll-Free Policy on Small Passenger Vehicles on Major Festivals and Holidays Promulgated by the Ministry of Transport and Other Departments (《國務院關於批轉交通運輸部等部門重大節假日免收小型客車通行費實施方案的通知》) (the "Holiday Toll-Free Policy") and the Notice on Further Improving Policies for Green Passage of Live Agricultural Products (Jiao Gong Lu Fa [2019] No. 99) (《關於進一步優化鮮活農產品運輸“綠色通道”政策的通知》). There can be no assurance that the relevant government authorities will not implement toll discount or toll-free policies and any other policies in relation to tolls or toll rates in the future, which may adversely affect the Group's business, results of operations, financial conditions and prospects. Pursuant to the Circular on Implementation Plan for Comprehensively Promoting Differentiated Expressway Toll Collection (《全面推廣高速公路差異化收費實施方案》) (Jiao Gong Lu Han [2021] No. 228) jointly promulgated by the MOT, the National Development and Reform Commission and the Ministry of Finance, differentiated toll collection is required to be implemented on expressways nationwide, which may have a negative impact on the business, performance, financial condition and prospects of the Group.

DIRECTORS' REPORT

Corresponding measures

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

Market risks and corresponding measures

Impact of decline in traffic volume

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

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

Impact of competing roads and alternative forms of transportation

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

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

DIRECTORS' REPORT

Highways in the Chengdu metropolitan area that currently compete with the expressways of the Company include Chengqing Freeway (成青快速通道), Chengmian Expressway (成綿高速公路), Chengya Expressway (成雅高速公路), Chengwenqiong Highway (成溫邛快速通道), Chengqingjin Freeway (成青金快速通道) and Chengdu Economic Zone Ring (3rd) Expressway (成都經濟區環線(三繞)高速). In addition, official operation of the Chengdu Tianfu International Airport attracts significant amount of flights from Chengdu Shuangliu International Airport, which has a material impact on the traffic flow of Chengdu Airport Expressway. Therefore, the Company cannot assure that the traffic volumes of the expressways operated by the Group will maintain the same level or increase in the future, nor can the Group assure that the revenue and profit of the Group will not be adversely affected.

Corresponding measures

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

Impact of the selling prices of the energy segment

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

Corresponding measures

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

DIRECTORS' REPORT

Financial risks and corresponding measures

For the Company's financial risks and uncertainties, please refer to Note III.31 and Note VII.2 to the financial statements in this annual report.

ESG risks and corresponding measures

For the Company's ESG risks and uncertainties, please refer to 2.2, 3.4 and 5.8 as set out in the ESG report included herein.

SUBSEQUENT EVENTS

Subscription for Structured Deposits

The Company subscribed for the structured deposit on 3 January 2023 offered by Chengdu No.1 Sub-branch of China Construction Bank Corporation (中國建設銀行股份有限公司) for an amount of RMB400 million which is principal-guaranteed with floating return with a term from 5 January 2022 to 27 June 2022 and an expected annualised rate of return of 1.5% to 3.4%. For further details regarding the subscription of structured deposit, please refer to the announcement of the Company dated 3 January 2023.

Establishment of a Joint Venture with Times Battery Services

On 16 January 2023, Energy Development Company entered into the Capital Contribution Agreement with Times Battery Services, pursuant to which the two parties have agreed to establish a joint venture and fully support the development of the joint venture with priority given to supporting the development of the battery replacement business of the joint venture in Chengdu and other advantageous areas. The joint venture will be principally engaged in battery replacement business and will actively develop various value-added businesses in order to form a complex and diversified business portfolio. Pursuant to the Capital Contribution Agreement, the registered capital of the joint venture shall be RMB300,000,000, and the joint venture will be owned as to 48% by Energy Development Company and 52% by Times Battery Services. The joint venture will not become a subsidiary of the Company and its financial results will not be consolidated into the financial statements of the Group. For further details regarding establishment of the joint venture, please refer to the announcements of the Company dated 16 January 2023 and 18 January 2023.

Successful Issuance of the 2023 First Tranche of Ultra-short-term Debentures

The Company successfully issued the 2023 first tranche of ultra-short-term debentures during the period from 17 February 2023 to 21 February 2023 in an aggregate amount of RMB300 million at a coupon rate of 2.8% and for a term of 180 days. The ultra-short-term debentures shall accrue interest commencing from 21 February 2023 and be repayable on 20 August 2023, and were issued at par value of RMB100. For further details regarding the issuance of ultra-short-term debentures, please refer to the overseas regulatory announcement of the Company dated 21 February 2023.

DIRECTORS' REPORT

Investment in the Chengwenqiong Expressway Expansion Project

The Company proposed to invest in the Chengwenqiong Expressway Expansion project, for which the Company will act as the project investor and Chengwenqiong Expressway Company will act as the project owner to conduct its financing and construction work. Based on the preliminary plan, the construction of the project will start in, as far as practicable, 2023 and its construction period will be three years, with an estimated total investment amount of approximately RMB12.652 billion. For further details regarding the investment in Chengwenqiong Expressway Expansion project, please refer to the announcement of the Company dated 1 March 2023.

In March 2023, the General Office of the People's Government of Sichuan Province has issued the official approval to Chengdu Municipal People's Government, approving that the Chengwenqiong Expressway expansion project will be constructed in the "Build-Operate-Transfer" (BOT) model, and the Company is the project investor, Chengwenqiong Expressway Company is the owner of this project responsible for its implementation.

Resignation of Non-executive Director, Chairman of the Board and Member of the Nomination Committee

Mr. Xiao Jun tendered his written resignation to the Board on 15 March 2023 due to work rearrangement to resign from the positions as a non-executive Director, Chairman of the Board and member of the Nomination Committee with effect from 15 March 2023. His resignation will not affect the normal operation of the Board. After his resignation, Mr. Xiao will no longer hold any position in the Company. Mr. Yang Tan was elected to act as the Chairman and the legal representative of the Company, and was appointed as a member of the nomination committee. For details, please refer to the announcement of the Company dated 15 March 2023.

A-share Offering Application Materials Accepted by SSE

Pursuant to relevant requirements issued by the China Securities Regulatory Commission in relation to comprehensive implementation of registration-based initial public offering system, the Proposed A-share Offering of the Company has been transferred to the SSE for review. The Company has submitted to the SSE the application materials for the purpose of the A-share offering, including the prospectus, and has received the notice from the SSE accepting the A-share offering application materials submitted by the Company. Chinese draft of the A-share prospectus and other major application materials have been published on the website of the Review and Approval of the Issuance and Listing of Stocks of the SSE (listing.sse.com.cn).

For further details regarding the Proposed A-share Offering, please refer to the announcements of the Company dated 9 September 2022, 26 October 2022, 23 December 2022 and 21 March 2023, as well as the circular dated 10 October 2022.

Change in Accounting Estimates

In order to reflect the amortisation cost of expressway assets on a more objective and fair basis, the Company has engaged an expert to re-forecast the traffic volume of Chengguan Expressway, Qiongming Expressway and Chengpeng Expressway (the "Expressways") within the remaining operating period, and calculate the amortisation of intangible assets underlying the service concession rights of the Expressways based on the adjusted traffic volume within the remaining operating period with effect from 1 January 2023. For further details regarding change in accounting estimates, please refer to the announcement of the Company dated 27 March 2023.

DIRECTORS' REPORT

CHARITABLE UNDERTAKINGS

During the Reporting Period, the Group donated a total of RMB38,123 to charitable undertakings.

Independent Auditor

As the Company aligned in preparation of financial statements in accordance with the China Accounting Standards for Business Enterprises commencing from 2021, the Company resolved at the 2020 annual general meeting held on 10 June 2021 to cease to re-appoint Ernst & Young who provided overseas auditing services as the international auditor of the Company since its listing in 2019 under the International Financial Reporting Standards, and to appoint Ernst & Young Hua Ming LLP as the auditor of the Company for 2021, who also assumed responsibilities of international auditors under the Listing Rules.

Ernst & Young Hua Ming LLP has been re-appointed by the Company as the auditor for 2022. The 2022 financial statements of the Company prepared under the China Accounting Standards for Business Enterprises have been audited by Ernst & Young Hua Ming LLP, who issued an unqualified audit report thereon.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Company has established an Audit and Risk Management Committee in accordance with the requirements of the Corporate Governance Code to review and oversee the financial reporting, risk management and internal control of the Group. The Audit and Risk Management Committee of the Company has discussed with the management and reviewed the audited financial statements of the Group for the year ended 31 December 2022.

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

By order of the Board

Chengdu Expressway Co., Ltd.

Yang Tan

Executive Director (acting as the Chairman) and General Manager

Chengdu, the PRC, 27 March 2023

REPORT OF THE SUPERVISORY COMMITTEE

In 2022, the supervisory committee of Chengdu Expressway Co., Ltd. (the “Supervisory Committee”) launched earnest study into and implemented the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, as well as the spirit of the 20th CPC National Congress. In strict accordance with the Company Law, the Articles of Association, the Rules of Procedure of the Supervisory Committee of the Company and relevant laws and regulations including the regulatory requirements of the State-owned Assets Supervision and Administration Commission, the Supervisory Committee exercised supervision over the regular reports, compliance operation, information disclosure, internal control, major events and duty performance of the Directors and senior management of the Company, thus expediting the standardised operation of the Company, and effectively safeguarding the legitimate rights and interests of the Company and its Shareholders. The work done by the Supervisory Committee in 2022 is hereby presented as follows:

I. WORK OF THE SUPERVISORY COMMITTEE

- (I) In 2022, the Supervisory Committee convened a total of 5 meetings. The noticing, convening, holding and voting procedures of the meetings complied with laws and regulations, and the proposals approved thereat were truthful, valid and complete and unanimously adopted. Particulars of such meetings are set out below:
1. On 24 March 2022, the Company convened the first meeting of the second session of the Supervisory Committee in 2022, at which the following proposals were considered and approved: Proposal on Consideration of the 2021 Annual Results Announcement and 2021 Annual Report of Chengdu Expressway Co., Ltd., Proposal on Consideration of the 2021 Final Financial Accounts Report of Chengdu Expressway Co., Ltd., Proposal on Consideration of Profit Distribution and Dividend Payment of Chengdu Expressway Co., Ltd. in 2021, Proposal on Consideration of 2021 Self-assessment Report on Internal Control of Chengdu Expressway Co., Ltd., Proposal on Consideration of the 2021 Enterprise Risk Management Report of Chengdu Expressway Co., Ltd. and Proposal on Consideration of the Report of the Supervisory Committee in 2021 of Chengdu Expressway Co., Ltd.
 2. On 25 August 2022, the Company convened the second meeting of the second session of the Supervisory Committee in 2022, at which the following proposals were considered and approved: Proposal on Consideration of 2022 Interim Results Announcement and Interim Report of Chengdu Expressway Co., Ltd. and Proposal on Consideration of Not Declaring 2022 Interim Dividend of Chengdu Expressway Co., Ltd.

REPORT OF THE SUPERVISORY COMMITTEE

3. On 9 September 2022, the Company convened the third meeting of the second session of the Supervisory Committee in 2022, at which the following proposals were considered and approved: Proposal on Consideration of Ms. Wu Haiyan's Resignation as a Shareholder Representative Supervisor of the Second Session of the Supervisory Committee, Proposal on Consideration of Nomination of Mr. Zhang Chengyi as Candidate to Shareholder Representative Supervisor of the Second Session of the Supervisory Committee, Proposal on Consideration of the Amendments to the Rules of Procedure of the Supervisory Committee of Chengdu Expressway Co., Ltd. (Applicable after A-share Listing), Proposal on Consideration of the Plan for Application for the Initial Public Offering and Listing of RMB-denominated Ordinary Shares (A Shares) on the Shanghai Stock Exchange of Chengdu Expressway Co., Ltd., Proposal on Consideration of the Projects to be Financed by the Proceeds from the Initial Public Offering of RMB-denominated Ordinary Shares (A Shares) and their Feasibility of Chengdu Expressway Co., Ltd., Proposal on Consideration of the Distribution Plan for the Undistributed Profit Accumulated Before the Initial Public Offering of RMB-denominated Ordinary Shares (A Shares) of Chengdu Expressway Co., Ltd., Proposal on Consideration of the Price Stabilisation Plan for the Three Years After the Initial Public Offering and Listing of RMB-denominated Ordinary Shares (A Shares) on the Shanghai Stock Exchange of Chengdu Expressway Co., Ltd., Proposal on Consideration of the Shareholder Dividend Plan for the Three Years After the Initial Public Offering and Listing of RMB-denominated Ordinary Shares (A Shares) on the Shanghai Stock Exchange of Chengdu Expressway Co., Ltd., Proposal on Consideration of Impact Analysis of the Dilution of Current Returns by the Initial Public Offering and Listing of RMB-denominated Ordinary Shares (A Shares) on the Shanghai Stock Exchange and the Remedial Measures for Current Returns of Chengdu Expressway Co., Ltd., Proposal on Consideration of the Issuance of Undertakings and Restrictive Measures Related to the Initial Public Offering and Listing of RMB-denominated Ordinary Shares (A Shares) on the Shanghai Stock Exchange of Chengdu Expressway Co., Ltd. and Proposal on Reviewing the Report on Utilisation of the Previously Raised Proceeds of Chengdu Expressway Co., Ltd.
4. On 30 October 2022, the Company convened the fourth meeting of the second session of the Supervisory Committee in 2022, at which the Proposal on Consideration of the 2022 Third Quarterly Financial Statements of Chengdu Expressway Co., Ltd. was considered and approved.
5. On 30 November 2022, the Company convened the fifth meeting of the second session of the Supervisory Committee in 2022, at which the following proposals were considered and approved: Proposal on Consideration of the Financial Reports of Chengdu Expressway Co., Ltd. for the Three Years from 2019 to 2021 and from January to June 2022 and the Special Report, Proposal on Determining the Related-party Transactions of Chengdu Expressway Co., Ltd. for the Three Years from 2019 to 2021 and from January to June 2022 and Proposal on Consideration of the Prospectus (Application Proof) of Chengdu Expressway Co., Ltd. in Relation to Initial Public Offering of RMB-denominated Ordinary Shares (A Shares).

REPORT OF THE SUPERVISORY COMMITTEE

- (II) The Supervisory Committee attended 4 general meetings and 23 Board meetings as non-voting participant, at which it considered 33 and 140 resolutions, respectively. The Supervisory Committee proactively participated in discussions regarding material decisions of the Company, and safeguarded the ongoing, healthy and steady development of the Company through supervision and inspection of the implementation of the resolutions approved at general meetings and Board meetings, major decision-making procedures and compliance of the operating activities of the Company.
- (III) The Supervisory Committee continued to reinforce system construction. In light of relevant requirements of the A-share listing of the Company, it made amendments to the Rules of Procedure of the Supervisory Committee of Chengdu Expressway Co., Ltd. (Applicable after A-share Listing), thereby improving the duty performance system of the Supervisory Committee and guaranteeing the adequacy and effectiveness of the Supervisory Committee in duty performance.

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

During the Reporting Period, the Supervisory Committee earnestly fulfilled its supervision function, and gained comprehensive insight into and kept abreast of the overall operation condition of the Company. The Supervisory Committee hereby presents its opinions on the following aspects:

(I) Compliance Operation of the Company

The Supervisory Committee supervised the operation of the Company in 2022 and attended general meetings and Board meetings of the Company according to law, thereby imposing strict supervision over the duty performance of the Directors and management members of the Company. The Supervisory Committee is of the opinion that the convening, holding and decision-making procedures of the general meetings and Board meetings complied with the requirements of the Company Law and the Articles of Association, the Board was able to make scientific decisions subject to resolutions passed at general meetings, correctly required and instructed management members to carry out effective business operations in strict accordance with laws and regulations and within the delegation of the Board, and satisfactorily completed various operation and management tasks. During the Reporting Period, the Supervisory Committee did not identify any behavior of Directors and management members in discharging their duties and exercising powers which violated laws and regulations and the Articles of Association and prejudiced the interests of the Company and the Shareholders.

(II) Financial Condition of the Company

Pursuant to the Accounting Law, the Accounting Standards for Business Enterprises and other laws and regulations, the Supervisory Committee conducted earnest review and supervision over the Company's financial condition and financial management status, and focused on major financial management activities. The Supervisory Committee is of the opinion that the Company maintained a well-established internal control system and sound financial system, which allowed it to effectively implement state accounting standards, the Company's financial affairs were managed in a standard manner, it was in sound financial condition and there was no illegal occupation of the Company's assets or capital loss.

REPORT OF THE SUPERVISORY COMMITTEE

(III) Review Opinions on Various Reports of the Company in 2022

The Company engaged Ernst & Young Hua Ming LLP to review, audit and issue reports on various financial reports of the Company. Upon review of various financial reports of the Company in 2022, the Supervisory Committee is of the opinion that the financial reports of the Company in 2022 were prepared in line with laws and regulations, and gave a true, accurate and complete view of the actual operation condition of the Company in all respects without misrepresentation, misleading statements or material omissions.

(IV) Internal Control of the Company

During the Reporting Period, the Supervisory Committee exercised supervision over the internal control of the Company, and after inspection of the construction and operation of the internal control system, it did not identify any material or important deficiency save for certain general deficiencies. The Company has adopted corresponding remedial measures to enhance internal control. The Supervisory Committee is of the opinion that the Company has established a sound internal control system, which complied with national laws and regulations as well as normative requirements of regulatory authorities, and contributed effectively to each operating aspect of the Company in terms of risk prevention and control.

(V) Enterprise Risk Management of the Company

During the Reporting Period, the Supervisory Committee exercised supervision over the enterprise risk management of the Company, and after inspection of the risk management mechanism and process, it did not identify any major risk during the year. The Supervisory Committee is of the opinion that the Company has forged a well-established enterprise risk management system, which operated effectively and was able to control risks.

REPORT OF THE SUPERVISORY COMMITTEE

III. WORK PLAN OF THE SUPERVISORY COMMITTEE IN 2023

In 2023, the Supervisory Committee will remain committed to the following work plans in accordance with the Company Law, the Articles of Association, the Rules of Procedure of the Supervisory Committee and relevant laws and regulations, as well as requirements of the Company's regulations and systems:

(I) Consolidate Fundamentals and Improve Supervision Efficiency.

The Supervisory Committee will enhance communications with the Board and the management, strengthen exchanges among members of the Supervisor Committee, maintain liaison and information sharing among committee members, effectively boost information collection quality, assess the scientificness, reasonableness and effectiveness of the development strategies formulated by the Board, identify weaknesses of the Board and the management in duty performance, and raise opinions or recommendations, so as to consolidate the fundamentals for constant and effective performance of its supervision function.

(II) Focus on Key Supervision Targets and Promote the Compliance Construction of Internal Control.

The Supervisory Committee will focus on risk prevention and pay attention to key supervision targets. It will continue to promote the improvement of internal control mechanism, boost work efficiency, and strengthen risk prevention and control. Besides, it will keep abreast of major and hotspot risks, enhance efforts for inspection and supervision, rectification and accountability, and put forward supervision opinions and recommendations, based on the special inspections conducted by internal audit department, so as to further reinforce supervision efficiency.

(III) Seek Innovative Supervision Methods and Guarantee Steady and Healthy Corporate Development.

Upholding the principle of being responsible to Shareholders, the Supervisory Committee will be dedicated to expediting the compliance operation of the Company, improving operating efficiency and strengthening corporate sustainability. In 2023, the Supervisory Committee will continue to perform its duties conscientiously, earnestly fulfill its required responsibilities, strive to maintain the first-mover advantage, and endeavor to enhance the effectiveness of its supervision function for a bright future of the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THE REPORT

The Group hereby issues its fifth Environmental, Social and Governance (“ESG”) Report, aiming to demonstrate our strategies, practical acts and performance in promoting sustainable development, and illustrate our achievements in fulfilling our social responsibilities.

Basis of Preparation

This report is prepared in strict accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) as set out in Appendix 27 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). This report has complied with the “comply or explain” provision and the “materiality”, “quantitative”, “balance” and “consistency” reporting principles as contained in the Guide.

Materiality	We have disclosed the process to identify and the criteria for the selection of material ESG issues, and description of key stakeholders identified, and the process and results of the stakeholder engagement.
Quantitative	Information on the standards, methodologies, assumptions and/or calculation tools, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) have been disclosed herein.
Balance	This report gives a fair and impartial view of the Group’s performance during the Reporting Period without omissions or the inappropriate use of selections that would influence a decision or judgment by the stakeholders.
Consistency	Data contained herein are collected using methods consistent with those adopted in previous years. We have disclosed herein any changes or revisions to the methods or KPIs used.

Reporting Scope

This report illustrates the overall ESG performance of the Group during the period from 1 January 2022 to 31 December 2022 (the “Year” or “Reporting Period”). Unless otherwise specified, data on environmental and social aspects as disclosed in this report are entirely derived from businesses under direct control of the Group. For detailed information on the corporate governance of the Group, please refer to the section headed “Corporate Governance Report” in the annual report or the official website of the Group at <http://www.chengdugs.com/>.

Reporting Language

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Approval of the Report

This report has been approved for release by the board of directors of the Group (the “Board”) on 27 March 2023.

Feedback to the Report

If you have any enquiry or suggestion as to this report or the sustainable development policies of the Group, please contact us via e-mail (cgfdb@chengdugs.com). We welcome your suggestions.

2. SUSTAINABLE DEVELOPMENT GOVERNANCE

The Company is a leading domestic player in operation, management and development of expressways in and around Chengdu, Sichuan Province of China, and is also engaged in retail of refined oil and operation of natural gas. The Group is dedicated to expediting sustainable development policies, and incorporates environmental, social and governance considerations into operation strategies along its path for growth and expansion, which fully demonstrates our commitment to corporate social responsibilities.

2.1 Board Statement

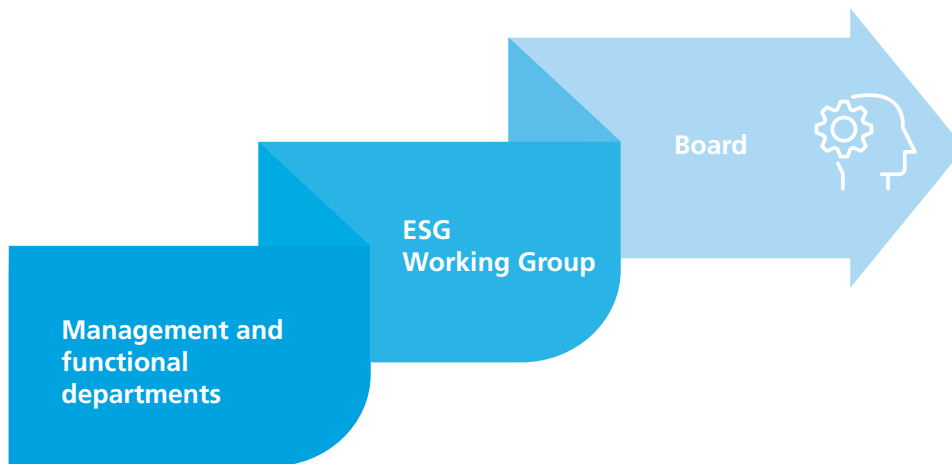
The Group is committed to promoting ESG development, and maintains in place a well-established ESG system to facilitate our sustainable development plan. In addition to comprehensive supervision of internal sustainability tasks of the Company, the Board is also responsible for discussing, reviewing and approving the ESG-related management policies, strategies and risk management of the Group. We have assessed the priority of material ESG issues, and gained recognition from the Board, based on which we will propose effective adjustments to ESG strategies and risk management plan.

The ESG working group of the Group has been established with the authorisation of the Board, and is responsible for supervision and promotion of the implementation of ESG issues. The sustainable development policies and measures formulated by the ESG working group are subject to approval and confirmation by the Board, who is held accountable for ESG strategies and reporting. We have established directional objectives in the environmental aspect, and review the progress towards accomplishment of such objectives from time to time, in a bid to further optimise business sustainability.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2.2 ESG Structure

The ESG structure of the Company comprises the Board, the ESG working Group, management and each functional department. The Board is solely responsible for ESG strategies and reporting, assesses and reviews relevant risks, and examines the efficiency of the system on a regular basis, so as to ensure effectiveness of the ESG risk management and internal control system. The ESG working group is responsible for promoting ESG development, and reporting to the Board. The management and each functional department are responsible for facilitating the implementation of ESG tasks.



ESG Structure

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



- to determine and approve the ESG management policies and strategies, including processes of evaluating, prioritising and managing material ESG-related matters (including business risks);
- to review and supervise ESG policies and practice, and search material ESG information;
- to analyse the correlation between ESG risks (including climate change risks) and the overall risk management system, and raise advice on risk control;
- to supervise implementation of ESG policies by each functional department, including quality of working environment, environmental protection, operation practice, community engagement and animal protection;
- to collect and analyse ESG-related key performance indicators on a regular basis and submit to the Board for consideration, so as to inform the Board of the progress towards fulfillment of ESG management performance objectives;

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- to join in preparation of the annual ESG report, and submit to the management and the Board for consideration and approval;
- to maintain operation of the corporate social responsibility management system, and enhance employees' awareness of corporate social responsibilities;
- to respond to suggestions on material ESG matters raised by shareholders and key stakeholders;
- to ensure that the Group acts in compliance with relevant laws and regulatory requirements, and monitor and address latest ESG issues; and
- to put forward advice to the Board as and when appropriate to enhance the Group's ESG performance.



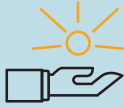

2.3 Communication with Stakeholders

The Group attaches great importance to opinions of different stakeholders on our ESG issues, and we maintain effective communications and exchanges with stakeholders on relevant issues to establish our sustainability policies. We extensively reach out, through various channels, to stakeholders, including but not limited to shareholders/investors, customers, employees, business partners, suppliers, regulatory bodies, media, community/non-governmental organisations and peer companies, to listen to and understand their needs and expectations.






Stakeholders	Major issues of concern	Communication channel
 <p>Shareholders/ Investors</p>	<ul style="list-style-type: none"> • Economic performance • Effective communication • Information transparency • Corporate governance • Compliance operation • Risk management • Business ethics • Environmental compliance • Vehicle emission management 	<ul style="list-style-type: none"> • Annual general meetings and other general meetings • Interim and annual reports • Corporate communications, such as shareholder letters/ circulars and meeting notices • Results announcements • Shareholder visits • Investors' conference • Company website/information disclosure • Investor relations mailbox to address investors' enquiries in a timely manner
 <p>Customers</p>	<ul style="list-style-type: none"> • Noise management • Greenhouse gas emissions • Climate change mitigation and adaptation • Waste management and energy consumption • Water consumption • Environmental protection 	<ul style="list-style-type: none"> • Daily operation/ communication • Complaint hotline/telephone calls • E-mails • Customer satisfaction survey and opinion form • Customer service centre • Online service platform



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholders	Major issues of concern	Communication channel
 <p>Employees</p>	<ul style="list-style-type: none"> • Green energy projects • Employee rights and interests • Diversity and equal opportunities • Employee development and training • Employee compensation and benefits • Occupational health and safety • Prohibition of child and forced labour • Customer service and communication • Customer information security and privacy • Customer complaint handling • Information security 	<ul style="list-style-type: none"> • Work performance appraisal and interviews • Employee congress • Channels for employees to express opinions (such as forms, suggestion boxes, intranet, etc.) • Seminars/workshops/lectures • Publications (such as employee communications) • Business briefs • Employee training • Employee activities • Staff communication meeting
 <p>Business partners</p>	<ul style="list-style-type: none"> • Road transportation efficiency • Road quality • Protection of intellectual property rights • Procurement and supply chain management 	<ul style="list-style-type: none"> • Reports • Conferences • Visits • Lectures
 <p>Suppliers</p>	<ul style="list-style-type: none"> • Transparent procurement • Sustainable supply chain • Anti-corruption • Community welfare • Voluntary services 	<ul style="list-style-type: none"> • Supplier management procedures • Supplier/contractor evaluation system • Conferences • Site visits 

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

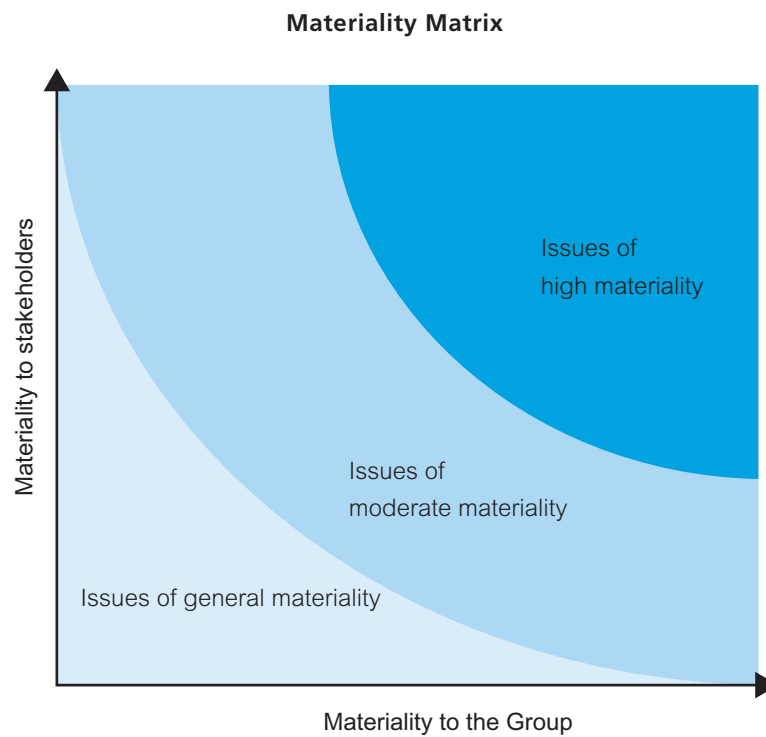
Stakeholders	Major issues of concern	Communication channel
 Regulators	<ul style="list-style-type: none"> Promotion of local employment 	<ul style="list-style-type: none"> Regular inspection Conferences Written response to public enquiries Information disclosure Compliance reports
 Media	<ul style="list-style-type: none"> Green energy projects Compliance operation Business ethics Environmental compliance 	<ul style="list-style-type: none"> Press conference Press release Senior management interview Results announcements Media gathering
 Community/ Non-governmental organisations	<ul style="list-style-type: none"> Business ethics 	<ul style="list-style-type: none"> Welfare activities Donations Community investment plans Community service activities Seminars/lectures/workshops Conferences
 Peer companies	<ul style="list-style-type: none"> Economic performance 	<ul style="list-style-type: none"> Strategic cooperation projects Group notices Communication conferences 

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2.4 Analysis of Material ESG Issues

The Group defined major fields for ESG practice and disclosures based on actual business condition and issues of concern of different stakeholders. Last year, we conducted materiality assessment with reference to the disclosure obligations under the Guide, the Materiality Map issued by the Sustainability Accounting Standards Board (SASB) and the best practice in the industry, and after meticulous analysis, we ultimately identified 28 material issues, including 18 of high materiality, 3 of moderate materiality and 7 of general materiality.

Over the Year, there was no material change in our stakeholders, business and operation environment. Therefore, the Board confirmed that the materiality matrix of the previous year is still applicable to the Reporting Period, and capable of addressing the expectations of our stakeholders. As a result, the Company will continue to use the aforesaid materiality matrix for the Year. Disclosures to different extent have been made herein based on the materiality of such issues to showcase the implementation of our ESG strategies and policies.



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Issues of high materiality	Issues of moderate materiality	Issues of general materiality
Risk management of significant events	Water consumption and efficiency management	Greenhouse gas emission management
Sustainable development management system	Use of land	Wastewater discharge management
Road quality	Community charitable undertakings	Energy consumption and efficiency management
Road transportation efficiency		Air pollutant emission management
Safety production		Waste management
Anti-corruption		Resource utilisation and recycling
Prevention of unfair competition		Protection of intellectual property rights
Supply chain management		
Noise management		
Promotion of local employment		
Customer service quality		
Protection of customer privacy		
Customer complaint handling		
Employee compensation and benefits		
Occupational safety and health		
Employee training and development		
Talent management		
Prohibition of child and forced labour		

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. STEADY AND COMPLIANCE OPERATION

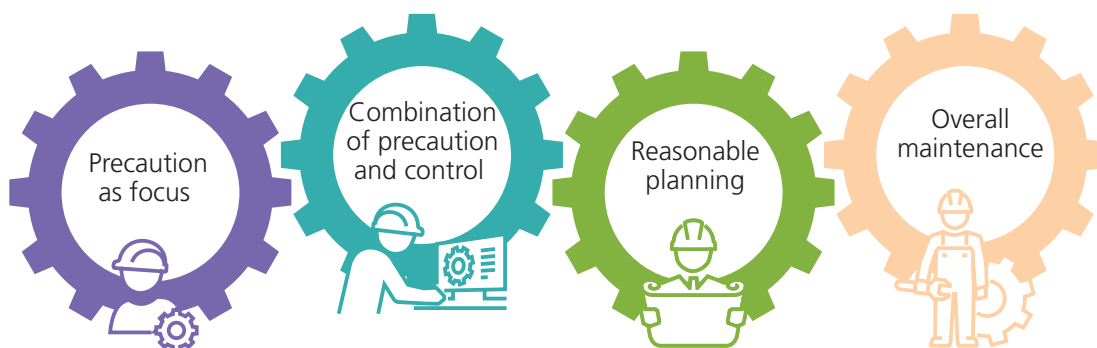
With a commitment to compliance and responsible operation, the Group acts in strict accordance with laws and regulations of the state and regulatory authorities. We have established sound internal control and risk management systems to standardise our expressway business operations, and improve the service quality of expressways and petrol and gas stations, enhance governance efficiency and promote business development.

3.1 Road and Energy Safety Management

The Group adopts a rigorous attitude towards investment, construction, operation and management of expressways. With a constant focus on road safety, we proactively introduce brand-new expressway maintenance technologies to improve expressway construction service quality, and further guarantee transportation security. Meanwhile, we also engage in operation of petrol and gas stations, and to ensure operation safety, we employ advanced security supervision mechanism, establish security information platform and impose daily supervision to deliver the best services to our customers.

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

Road and Energy Safety Management Principle



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During the Year, the Group formulated the Detailed Implementation Rules for Maintenance and Management at Maintenance Centre (《養護中心養護管理實施細則》), which extensively sets out expressway maintenance management measures. Personnel at each level of the Maintenance Centre are required to firmly establish the safety development concept, adhere to the principle of “safety foremost, precaution as focus and comprehensive governance”, and implement the “one post with dual responsibilities” requirements for safety production.

Meanwhile, the Group revised the safety system at the Maintenance Centre, and refreshed the safety responsibilities of the project management department, including safety production investment guarantee rules, road facilities and equipment safety maintenance management measures, safety management measures at production and business premises and for facilities and equipment, major hazard sources safety management measures, and safety production inspection system.

The Group also proactively promoted the achievement of safety objectives and safety inspection. It issued the safety production and occupational health objectives notice in 2022, as well as the appraisal results of safety production objectives of Chengdu Expressway Operation Management Co., Ltd. in 2022. In terms of safety investment, the Group formulated the Safety Production Investment Guarantee System (《安全生產投入保障制度》) and the Operation Safety Management System (《作業安全管理制度》).

Pursuant to the Safety Production Law of the PRC (《中華人民共和國安全生產法》), the Law of the PRC on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) and the Regulations on Work Safety in Sichuan Province (《四川省安全生產條例》), the Group formulated the Safety Production Responsibility System (《安全生產責任制度》) to regulate the emergency management of the Company, promptly and effectively tackle production safety accidents, maximise control on and mitigate losses caused by production safety accidents, and maintain the Company’s social image and stability.

Meanwhile, the Group implemented emergency management, and promoted the Accident Emergency Rescue Management System (《事故應急救援管理制度》) and the Emergency Plan Regular Review Management System (《應急預案定期評審管理制度》) to standardise the preparation, implementation and revision of emergency plans. Comprehensive emergency plans are work plans formulated by the Company to address various production safety accidents, and constitute the guideline of general working procedures, measures and emergency plan system of the Company to deal with production safety accidents. The Group formulated special plans to prevent production safety accidents for important production facilities, major hazard sources and activities, which detail the emergency measures formulated for specific premises, devices or facilities.

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The Group formulated the Expressway Maintenance and Management Measures (《高速公路養護管理辦法》) and the Regulations on Safety Management of Highway Engineering Construction and Maintenance Operation (《公路工程建設、養護作業安全管理規定》), and conducted inspections in the principle of “precaution as focus, combination of precaution and control, reasonable planning and overall maintenance”, and promptly addressed issues identified to extend the life cycle of expressways and infrastructures. Meanwhile, the Group standardised expressway engineering construction and maintenance and repair to preclude construction accidents. In addition, the Company also promoted the Safety Inspection System (《安全檢查制度》), Management System for Investigation and Remediation of Potential Safety Hazards (《安全隱患排查整治管理制度》), Double Reporting System for Investigation and Management of Major Potential Hazards (《重大隱患排查治理“雙報告”制度》) and Management Measures for Information Reporting, Investigation and Handling of Emergencies and Safety Accidents (《突發事件、安全事故信息報告及調查處理管理辦法》) to impose regular inspection on construction of the safety regulations and rules, launch identification of potential safety hazards in petrol stations, gas stations, construction projects, accident-prone sites (sections) on expressways, overpasses, service areas, idle areas and other key areas, immediately report the safety hazards once identified, and urge rectification by relevant parties to prevent accidents from occurrence.

In the energy segment, we formulated the Safety Production Target Management Measures (《安全生產目標管理辦法》), Safety Production Accountability System (《安全生產責任制度》), Safety Production Investment Guarantee System (《安全生產投入保障制度》) and Safety Risk Hierarchal Management System (《安全風險分級管控管理制度》), so as to standardise management over safety production targets, strictly implement the responsibility system for safety production in various departments and posts, and prevent safety production accidents, such as work-related accidents, occupational hazards, fire accidents and economic losses, thereby providing favorable conditions for smooth business operation with the support of a safe working environment.

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Chengguan Expressway Operation and Management Centre Launched the “Double Prevention Mechanism” Special Trainings

On 6 July 2022, Chengguan Expressway Operation and Management Centre launched the “Double Prevention Mechanism” special trainings, aiming to enhance and standardise the safety education to staff in the centre, improve their safety awareness, and safeguard the security of front-line employees. The trainings covered an analysis of deficiencies in the double prevention mechanism consisting of safety risk hierarchical management and inspection and prevention of potential hazards in the region where the operation and management centre operates, watching of the Life of Utmost Importance feature programme, and deploying the upcoming tasks, which effectively improved employees’ awareness of the double prevention mechanism, controlled and reduced the potential safety hazards, and reinforced the implementation of the double prevention mechanism.



Securing Remarkable Results in Safety Knowledge Contest

In 2022, the Group participated in the “Safe Communications Investment – Health Cup” safety knowledge contest, aiming at evaluating employees’ knowledge about safety-related laws and regulations, improving their safety awareness, and striving to create a sound and stable safety production environment, and achieved remarkable results in the competition, which demonstrated the heightened safety awareness of the employees of the Group.

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3.2 Improve Customer Experience

We identify the quality of customer service as one of the material ESG issues of the Company as we strive to improve the driving and refueling experience of customers, and enable them to enjoy the beautiful scenery along the road and safe and convenient expressway services. Our monitoring centre and road administration brigade earnestly deal with emergencies and provide targeted support for road users. Meanwhile, we also proactively introduce intelligent transportation systems, and set up ETC lanes at all expressway toll stations to improve travelling efficiency. The Company's all-round online service is another attraction, including online registration, application, fee deduction, offline verification, installation and activation, which realises non-cash toll payment and further optimises users' expressway experience.

The Group provides front-line toll collectors with training courses on service etiquette, complaint handling and on-post makeup, in an endeavor to strengthen their appearance standards, instruct them to use amicable and courtesy expressions, serve with smile and provide satisfactory traffic guidance, striving to improve customer services.

We also formulated the Measures for Handling Complaints (《投訴處理辦法》) to standardise complaint handling process with detailed guidelines, and help front-line staff to properly deal with complaints. Our Supervision Department is responsible for accepting, categorising, handling or forwarding complaints lodged through the service hotline of the Company. Customers may report offense or feedback through e-mails, telephone calls, surveys or visits to the complaint centre. Complaints will be categorised and forwarded to the relevant department for follow-up, and response will be furnished to the complainant as soon as practicable, the process of which will be kept confidential. In case that a complaint fails to be addressed, we will explain to the complainant, and continue to follow up the case, or report it to the higher level of authority based on actual situation until it is handled. During the Reporting Period, the Group received a total of 588 complaints, all of which had been properly handled.

3.3 Safeguard Information Security

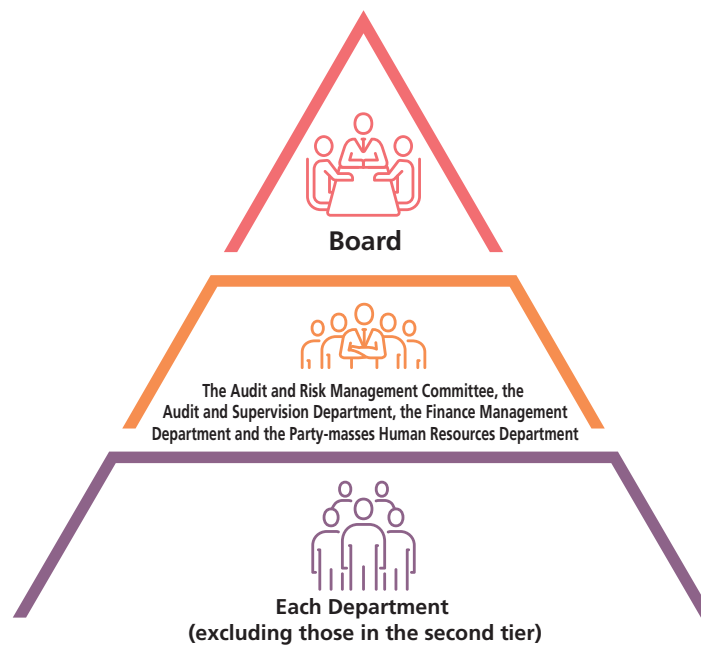
In order to ensure information security, we formulated the Confidentiality Work System (《保密工作制度》) and the File Management System (《檔案管理制度》) to standardise the collection, collation, storage, use, filing and archive of data, and strictly abide by the laws and regulations on information security such as the Law of the PRC on Protection of State Secrets (《中華人民共和國保守國家秘密法》) and the Implementation Regulations of the Law of the PRC on Protection of State Secrets (《中華人民共和國保守國家秘密法實施條例》). In order to effectively protect the security of customers and business information, we clearly define the confidentiality requirements for each post, and have installed genuine operating system and office software, set up IP addresses and established account passwords to restrict access to our system at different levels, and change passwords on a regular basis.

In terms of business information disclosure, in strict accordance with the Advertising Law of the PRC (《中華人民共和國廣告法》), Patent Law of the PRC (《中華人民共和國專利法》), Detailed Rules for the Implementation of Patent Law of the PRC (《中華人民共和國專利法實施細則》), Trademark Law of the PRC (《中華人民共和國商標法》) and Copyright Law of the PRC (《中華人民共和國著作權法》) and other laws and regulations, the Group ensures that advertisements contain complete, true and accurate information and prevents deception with false and misleading promotion. The Group also complies with such laws and regulations in handling issues relating to intellectual property rights.

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3.4 Committed to Integrity and Anti-corruption

Dedicated to the integrity corporate culture, the Group advocates members to abide by the Supervision Law of the PRC (《中華人民共和國監察法》), the Company Law of the PRC (《中華人民共和國公司法》), the Criminal Law of the PRC (《中華人民共和國刑法》) and the Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》) and other laws and regulations related to clean operation, sparing no effort to safeguard the credibility and governance prestige of the Group.



We have formulated the Risk Management System (《風險管理制度》) and Measures for Compliance Management (《合規管理辦法》) to specify the management processes ranging from risk data collection, risk evaluation to risk response, and establish a sound internal control and risk management system with responsibilities.

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The Group's risk management system comprises three tiers, in which each department, excluding those in the second tier, acts as the first tier, and the Audit and Supervision Department, the Finance Management Department, the Party-masses Human Resources Department and the Audit and Risk Management Committee act as the second tier. The Audit and Supervision Department follows up and inspects risk management from aspects of internal control assessment, risk management evaluation and internal audit, and the Finance Management Department and Party-masses Human Resources Department conduct centralised management over special risks in finance management and human resources management. The Audit and Supervision Department plays a dominant role among the three departments, and the Board acts as the third tier. Within such a risk management system, all departments and employees assume responsibilities for risk control to better tackle issues relating to risk management.

In terms of employee conduct, the Group also formulated the Anti-Money Laundering Administration Measures (《反洗錢管理辦法》), Anti-Fraud Administration Measures (《反舞弊工作管理辦法》) and Measures for the Administration of Fund Payment (《資金支付管理辦法》), so as to regulate the employees' behavior and the Company's style, and prevent fraudulent acts for personal gains.

The Group formulated internal control, anti-bribery and anti-corruption measures for each risk area, such as Measures for Governing Micro-corruption (《治理“微腐敗”工作辦法》), which sets out the measures for controlling micro-corruption. Meanwhile, the Group also formulated the Interview System for Party Style and Integrity (《黨風廉政建設約談制度》) and the Publicity and Education System for Party Style and Integrity (《黨風廉政建設宣傳教育工作制度》), instructing management members to take responsibility for the implementation of on integrity, departments, affiliated centres and party branches to implement the supervision responsibility for Party style and integrity, and the discipline inspection committee to establish the interview system for party integrity, and conduct integrity publicity and education.

The Group keeps confidential the identity of the whistleblower for possible fraud within the Group, and encourages employees and parties who have business dealings with the Group to report wrongdoings of the Group's employees through customised channels such as telephone calls, e-mails and letters, so as to maintain a clean and fair corporate culture.

In order to strengthen awareness and knowledge of the Directors and employees on integrity, the Group has provided multiple anti-corruption trainings for the Directors and employees during the Year, including trainings for compliance of listed companies, integrity warning education, “Xi Jinping's Emphasis on Improving the Capabilities and Level of 'Three Non-corruptions' to Fight the Prolonged Battle Against Corruption in an All-round Way at the 40th Collective Study of the Political Bureau of the CPC Central Committee” (《習近平在中共中央政治局第四十次集體學習時強調,提高一體推進“三不腐”能力和水平,全面打贏反腐敗鬥爭攻堅戰持久戰》), the Code of Integrity and Self-discipline of the Communist Party of China (《中國共產黨廉潔自律準則》) and anti-corruption cases.

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

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3.5 Supply Chain Management

The Group is committed to maintaining a healthy and sound cooperative relationship with customers, which is also an important precondition for the steady growth of the Group's business. We standardise supply chain management and strictly abides by the Law of the PRC on Tendering and Bidding (《中華人民共和國招標投標法》), the Implementation Regulations of the Law of the PRC on Tendering and Bidding (《中華人民共和國招標投標法實施條例》) and other laws and regulations, and has formulated the Interim Measures for Contract Management (《合同管理暫行辦法》) and Interim Measures for Bidding Management (《招標管理暫行辦法》) to standardise the principles and procedures of bidding and bid selection. Our Contract Management Department is responsible for procedural review and full-process management of bidding documents and routine recording and filing of contacts, and the Audit and Supervision Department regularly reviews and monitors the validity and compliance of bidding documents.

With respect to bid invitation, we assess suppliers based on factors such as bidding requirements, quotation, quality and service, and maintain healthy and effective communications with them. The Group lists in detail in the bidding documents the bidding conditions, background information and scope, as well as the indicative requirements for bidders. In addition to financial condition, credit standing, qualifications of project personnel and post requirements, we also review the qualifications (whether there is a valid business license and safety production license, etc.), and relevant construction performance (environmental protection and pollution prevention, implementation of project quality control and safety supervision, etc.). We enter into the Supervision Contract with the project contractors, so as to ensure that the suppliers selected meet various operation and management requirements, and preclude relevant environmental and social risks along the supply chain.

To achieve green procurement, we formulated relevant undertakings and rules to the effect that product procurement and provision of services must comply with rules, regulations and requirements concerning environmental protection, in an endeavor to mitigate impact on the environment during procurement, conserve nature resources, and protect the environment. We will formulate supervision policies on green procurement in future, so as to further effectively implement green procurement.

Meanwhile, the Group formulated the Administrative Measures for Tendering and Bidding (《招投標管理辦法》) in July during the Year, which stipulated that the bidding refers to the activities of selecting the best project contractor from a group of legal or non-legal organisations with legal conditions and construction capacity invited to go through open, fair and impartial competition under the same conditions according to the pre-announced criteria and requirements of bidding (comparison).

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During the Year, a total of 1,113 suppliers were involved in the Group's business operations, all of whom are subject to the supplier policy and measures described above, and primarily fall into sectors of service, engineering, procurement, leasing, borrowing, transferring, purchase and sale and others. Distribution of suppliers by region is set out below:

Region	Number of suppliers
Sichuan	1,029
Hong Kong	15
Beijing	14
Henan	9
Shanxi	7
Guangdong	7
Anhui	6
Liaoning	5
Zhejiang	5
Hubei	4
Shandong	3
Chongqing	2
Shanghai	2
Jiangsu	2
Shaanxi	1
Hunan	1
United States	1

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4. REMARKABLE EMPLOYEES

Talents are an integral component of the Company's business development and business planning. The Group attaches great importance to talent development and constantly searches for and cultivates potential talents in the expressway operation and development field. We advocate a pluralistic and inclusive corporate culture, strive to improve the employee compensation and welfare system, create a healthy and safe working environment for employees, and provide comprehensive trainings for them to improve their efficiency. The Company is committed to becoming the best partner of employees along their career path, and strictly implements labor standards formulated by the state, so as to strengthen the Company's overall reputation and cohesion at all levels. As at 31 December 2022, the Group had 2,190 employees.

4.1 Employee Rights and Interests

We strictly abide by the Labour Law of the PRC (《中華人民共和國勞動法》), the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), the Law of the PRC on Social Insurance (《中華人民共和國社會保險法》), the Provisions on Prohibition of Child Labour (《禁止使用童工規定》), the Law of the PRC on the Protection of Minors (《中華人民共和國未成年人保護法》), and other applicable laws and regulations and international practices on employment, endeavoring to guarantee that the employees of the Company are provided with due protection.

With respect to recruitment, we formulated the Management Measures for Recruitment (《招聘管理辦法》), developed recruitment process and mechanism, and revised the recruitment targets of a given year based on the Company's prevailing condition and needs. In addition, the Group also implemented the Management Measures for Internal Post Competition (《內部競聘管理辦法》), and engaged employees in strict accordance with the principles of openness, fairness and impartiality. Meanwhile, the Group issued the Measures for the Selection of Excellent Employees (《優秀員工評選辦法》) to standardise the packages and incentives offered to employees.

The Group conducts qualification examination, competency test and interview for applicants, and verifies the identity information, including age, when they join the Company. We select candidates based on the following factors, such as knowledge, morality, work experience, professional skills and comprehensive quality. We will verify the accuracy and truthfulness of the information provided by applicants before they join the Company to eliminate child labour, and will not prejudice any candidate due to their gender, age, race and family background.

We follow the systems of standard working hours, national weekends and statutory holidays, and formulated the Administrative Measures for Labour Contracts (《勞動合同管理辦法》). After reaching an agreement with the employees, we will negotiate labour contracts with them and never force employees to work. We strictly abide by the labour laws and regulations in the place where we operate and constantly improve employment management, specify the remedial measures in case of child or forced labour, and strive to avoid violations. If any violation of labour standards is identified, we will take relevant legal actions to protect the legitimate interests of employees.

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With respect to resignation of employees, we will inquire them the reasons, and will also terminate contracts with them in accordance with the relevant provisions in the Labour Law of the PRC and the Labour Contract Law of the PRC to ensure that employees are treated fairly and reasonably.

For in-service employees, the Group motivates them with appraisal methods indicating fair rewards or punishments through evaluating the fulfillment of their post responsibilities, in a bid to promote their work efficiency, and the Group also makes the decision on promotion or reward based on the appraisal results. The Group formulated the Administrative Measures for Performance of Management (《管理人員績效管理辦法》), which regulates the performance management of the Company, evaluates the achievement of performance targets by employees and fulfillment of their post responsibilities in a scientific, objective and impartial manner, thereby improving the work performance of employees and the overall business performance of the Company, and effectively promoting the accomplishment of the Company's strategies and development goals. In accordance with the principles of fairness, impartiality and openness, we inform employees of the performance objectives of departments and individuals, and the contents, procedures, methods and results of performance assessment, aiming to enhance the transparency of assessment.

During the Year, we also revised the Measures for the Selection and Appointment of Middle-level Management (《中層管理人員選拔任用辦法》) and the Interim Administrative Measures for Selection and Appointment (《選拔任用暫行管理辦法》), which set out the principles applicable to the selection and appointment, standardise the Company's selection and employment process, satisfy the Company's human resources needs based on its actual condition, and create a sound environment for talents to distinguish themselves.

During the Year, we also implemented the Performance Management System (《績效管理制度》) for trial to standardise the Company's performance management, and regulate the performance management with four assessment principles, including fairness, justice and openness, fitness with the Company's development goals, and targeting at improving the performance of departments and employees based on a combination of qualitative and quantitative assessment. Through standardising performance management, the Group is able to objectively and fairly evaluate the performance of employees in their posts, improve the incentive and restraint mechanism, fully mobilise the enthusiasm of employees, enhance their work performance and the overall business performance of the Company, and effectively promote the achievement of the Company's strategies and development goals.

During the Reporting Period, the Group abided by laws and regulations on remuneration, dismissal, recruitment and promotion, working hours, equal opportunities, diversity, anti-discrimination, prevention of child or forced labour, and no case of child or forced labour was identified.

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4.2 Employee Welfare and Benefits

We provide employees with fair, reasonable and competitive salaries, incentives and benefits. We pay our employees in a legal, reasonable and impartial manner in strict accordance with relevant laws and regulations of the national and regional governments. We conduct salary surveys each year to maintain the competitiveness of salaries paid to employees.

We contribute to the employee pension scheme and housing provident fund sponsored by the government as required under national policies, and purchase different insurances for eligible employees, including pension, medical care, unemployment, work injury and maternity insurance, as well as housing provident fund. In addition, the Group formulated the Administrative Measures for the Welfare Expenses (《福利費管理辦法》), which sets out the categories of employee welfare, and standardises the budget, expenditure and supervision and management of employee welfare expenses. We provide employees with diversified benefits, including heatstroke prevention and heating subsidies, regular health checkups, employee accident insurance, free meals, birthday gift certificates, book coupons, movie coupons and financial subsidies, demonstrating the care and protection extended by us to employees in multiple aspects. Besides, the Welfare Management Measures (《福利管理辦法》) in implementation stipulates that in addition to statutory holidays, the Group grants employees various welfare leaves such as sick leave, personal leave, marriage leave, funeral leave, maternity leave and annual leave. Total welfare amounts depend upon the economic benefits of the Company, which in turn promotes the work enthusiasm and efficiency of employees.

The Group also worked out an assistance system for party members in need, including those whose average monthly household income is lower than the standard of needy employees of a given year, or who are seriously ill, or severely disabled, and incur significant amount of medical expenses, or whose families are obviously in need, aspiring to extend a helping hand to needy party members in the Company.

4.3 Employee Health and Safety

The Group is committed to providing employees with a healthy and safe working environment. We strictly abide by the laws and regulations such as the Occupational Disease Prevention Law of the PRC (《中華人民共和國職業病防治法》), Production Safety Law of the PRC (《中華人民共和國安全生產法》), Fire Prevention Law of the PRC (《中華人民共和國消防法》), Special Equipment Safety Law of the PRC (《中華人民共和國特種設備安全法》), Occupational Health Management Regulations in the Workplace (《工作場所職業衛生管理規定》) and Regulations on Work Injury Insurance (《工傷保險條例》) to standardise the workplace safety management, and provide safety protection measures and necessary protective equipment for employees in risky positions. We uphold the principle of acting according to law, and provide employees with a safe working environment as required under laws and regulations to protect them from occupational injuries. Leveraging our dedicated efforts, we did not record any case of work-related casualties in the past three years (including the Year).

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The Group has maintained in place different emergency response measures. With respect to fire or explosion, we carry out regular safety inspections, fire emergency drills and investigate potential safety hazards, and take appropriate measures to prevent potential safety accidents. Meanwhile, we carry out safety education for employees on a regular basis, provide fire prevention knowledge trainings for them and organise fire drills to enhance the self-protection awareness of employees.

With respect to the provisions of the safety production guarantee mechanism, we strictly follow the Safety Production Responsibility System (《安全生產責任制度》), the Safety Production Investment Guarantee System (《安全生產投入保障制度》), the Occupational Health Management System (《職業健康管理制度》) and other rules formulated by the Group, which set out in detail the safety production management responsibilities of management members and functional departments at all levels, and implement the management system of “Company supervision, department accountability and hierarchical management”. According to Occupational Health Management System (《職業健康管理制度》) and Hidden Danger Investigation and Management System (《事故隱患排查治理管理制度》), our production safety leading group is responsible for coordinating the overall management of occupational health management and hidden danger investigation and management, and the occupational health management departments and personnel have been specified with clear assignment of responsibilities for occupational disease prevention and control at all levels. Our production safety leading group office is responsible for incorporating the implementation of occupational health management and the investigation and management of hidden dangers in various departments and units into daily safety supervision, inspection and assessment, and establishing accounts and files for the investigation and management of hidden dangers to ensure the health and safety of employees. In addition, the Group also set different safety and health key performance indicators, and executed the 2022 Safety Education and Training Plan (《2022年度安全教育培訓計劃》), so as to enhance the safety awareness and capabilities of employees to address emergencies, and implement the laws and regulations on safety production.

Besides, during the Year, we passed the Proposal on Health Examination for Employees in 2022 (《關於開展2022年度職工健康體檢工作的議案》), and launched employee health examination in 2022 by region on the principle of proximity. To facilitate employees to complete physical checks, we liaised with Huaxi Hospital Wuhou Health Examination Center, Chengdu Women and Children’s Hospital, the First People’s Hospital and the Third People’s Hospital, and determined examination items and prices with them through negotiations.




In order to strike a balance between work and life, we arranged various activities for employees to promote their physical and mental health and expedite exchanges among employees. During the Year, to further enhance the road traffic safety awareness of residents in Jiangxi community, the Group held a safety propaganda activity on 20 May, and joined hands with the road property management brigade and airport management station of Tianfu Airport Expressway Operation Management Centre in Jiangxi community of Caochi Street to launch the safety propaganda activity of “safeguarding road safety and striving to be a service pioneer” at the Party-masses service centre of the community.

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4.4 Professional Training and Development

The Group regards employees as valuable assets and expects to grow together with employees. We have established three career development systems for employees, including internal training, external training and continuing education, and formulated the Staff Training Management System (《員工培訓管理制度》) to standardise and regulate training methods, and define the talent standards and post requirements for talent evaluation. Meanwhile, we have drawn up the 2022 Employee Education and Training Plan (《2022年度員工教育培訓計劃》) based on the Company's strategies and development goals, as well as career planning of employees, in an endeavour to improve the overall quality of our employees through education.

The 2022 annual training plan specifies the training management methods, and the training approaches and contents. The Group conducts various trainings in a targeted manner according to the job responsibilities and skills requirements of various departments and posts. In particular, the training approaches include internal training, external training and continuing education; and training contents fall into six different categories, including safety training, emergency plan, emergency response training, business training, industry exchange, accounting training, and business training for members of the party committee and the Youth League.

Training approaches	Contents
 <p>Internal training</p>	<ul style="list-style-type: none"> Covering the political and ideological education for employees, pre-employment training, special sharing of staff receiving external training and on-the-job business skills training
 <p>External training</p>	<ul style="list-style-type: none"> Selecting employees to attend trainings and study tours organised by the Company or superior external training institutions based on the needs of business management Inviting professional lecturers from different backgrounds to lecture in the Company based on the training theme Learning advanced experience from industry peers or model enterprises to broaden horizons and enrich work-related knowledge
 <p>Continuing education</p>	<ul style="list-style-type: none"> After obtaining the approval, employees may enroll in education to get an academic degree at their own choice according to the nature of their work and their own career planning, or take the examination or review organised by the state and take the qualification examination, so as to improve their business skills and effectively drive the competitiveness of the Company in the long run



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During the Reporting Period, we organised different types of trainings, covering safety education, news correspondence, party workers' business, staff education, H-share listing compliance and internal control, and comprehensive risks and integrity risks. Front-line personnel, management and employees at all levels attended such meetings, which comprehensively enhanced the professional knowledge and duty performance of employees, and was conducive to promoting the productivity and competitiveness of the Group.

In terms of safety education and training, we formulated the Safety Education and Training Plan for 2022 (《2022年度安全教育培訓計劃》), which details the occupational health trainings provided by the Group to employees during the Year, including post safety knowledge and emergency response skills training. From the perspective of safety laws and regulations, the Group formulated trainings on safety production laws and regulations in 2022 and trainings on 2022 road traffic laws and regulations and drivers' trainings to improve the awareness of employees of safety laws.

The Group provides professional trainings commensurate to the work requirements of employees according to their job responsibilities. In the training activities in 2022, the Company arranged training sessions specific to different organisational departments and training targets. Set out are some of the examples:

Training content
• Party classes, theme party day activities and discipline inspection related trainings
• New stamp tax rate policy, financing and guarantee management and tax risks
• Land-related policies, the Company's "14th Five-year Plan", post-investment evaluation and other trainings
• Safety education and training, relevant systems of engineering construction, and trainings and education for special profession
• Trainings on Company Law (Joint Venture), Bidding Law and project cost
• Trainings on safety duty performance, fire prevention knowledge and safety management personnel certification
• Trainings on compliance of listed companies

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4.5 Care for Employees

The Group proactively promotes interaction and care among employees at all levels. We arranged different activities for our employees, including the painting activity on 1 June and 1 August activity to enhance the patriotism of our employees. In addition, the Group held the first Tianfu Greenway Riding Activity on 4 November 2022 to guide employees to live a healthy and positive life. A total of more than 300 employees participated in the activity, creating a sound corporate atmosphere.

Meanwhile, in order to show our care to female employees, the Group also held the “Women’s Day” activity on 8 March to facilitate them to strengthen their confidence through various forms of publicity and encourage them to contribute to society with more enthusiasm and high spirits.

Health Lecture for Female Employees

In order to extend care of the trade union of the Company to female employees, Energy Development Company invited the lecturer from Chengdu University of Traditional Chinese Medicine to give a lecture on the health knowledge of females on 7 March 2022, aiming to promote the physical and mental health of female employees, and provide care better matching female employees in the Company taking advantage of the Women’s Day on 8 March.

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Lantern Festival Activity

On 15 February 2022, the Youth League branch of Chengming Expressway Company launched the Lantern Festival activity, attracting a total of over 30 participants, including youth representatives from each department of Chengming Expressway Company and their family members invited as guests, who celebrated the Lantern Festival at Linji Toll Station. The activity consisted of three parts, i.e. entertainment programmes composed and staged by youth representatives, games and lantern riddle guessing, which demonstrated the cohesive and versatile mental outlook of youth employees, enhanced exchanges and also strengthened the cohesion and synergy among them.



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Dragon Boat Festival and Children's Day Series Activities

On the Dragon Boat Festival and Children's Day during the Year, the Operation and Management Centre of Operation Company joined hands with staff at Chengdu Management Station on Tianfu Airport Expressway and Yuelai Management Station on Pudu Expressway to launch the Dragon Boat Festival and Children's Day activities. Chengdu Management Station on Tianfu Airport Expressway initiated the "Setting Sail for Dreams and Creating Future with Kids" theme activity, which kicked off with the shuttlecock exercise, and presented fun games such as "throwing sandbags", "grasping the small tail" and "scrambling". The kids and adults left unforgettable moments in cheerful laughter. The follow-up Dragon Boat Festival knowledge contest and rice dumplings making contest pushed the activity to a climax, extending the cultural atmosphere of the traditional Dragon Boat Festival to the participants and let them feel the happiness of mutual assistance.



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5. DEDICATED TO THE GREEN DEVELOPMENT CONCEPT

The Group attaches great importance to environmental protection and upholds green operation. While promoting business development, the Group also proactively fulfills the responsibility of environmental protection and pollution control, operates in compliance with laws and regulations, and requires all employees of the Company to abide by the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Law of the PRC on Soil and Water Conservation (《中華人民共和國水土保持法》) and the Regulations on Comprehensive Management of Urban and Rural Environment in Sichuan Province (《四川省城鄉環境綜合治理條例》). During the Reporting Period, the Group did not violate any laws on environmental protection or result in major accidents with an impact on the environment and natural resources, nor did it receive any punishment and litigation notice related to the environment.

The Group formulated the Administrative Measures for Comprehensive Management of Urban and Rural Environment (《城鄉環境綜合治理管理辦法》). Based on the principle of “prevention first, combination of prevention and treatment”, we strictly regulate and manage the appearance, environmental sanitation, facilities construction, public services and greening ecology along the expressways, and around office areas, service areas and petrol stations, and handle complaints about environmental protection responsibly, including dust, noise and sewage.

The impact of the Group’s business on environment is primarily derived from consumption of energy, office consumables and domestic water and the generation of office and domestic garbage. As a leading enterprise in the industry, we are ready to shoulder the social responsibilities of environmental protection, and carry out standardised prevention and management of pollution such as waste gas, sewage, waste and noise, and strive to mitigate the impact of our business on the environment. We proactively strengthen employees’ environmental protection awareness through systematic training. The Group implements the above environmental protection measures, aiming at significantly mitigating the Company’s impact on the environment, so as to foster a green corporate culture.

During the Year, the Group proactively promoted the comprehensive environmental management working mechanism and implemented a number of environmental management norms. We formulated the Second Round of Central Eco-environmental Protection Supervision Work Plan (《第二輪中央生態環境保護督察工作方案》), which put forward and implemented rectification for problems identified in the first round of environmental supervision, and set up a dedicated working organisation to realise the normalisation of environmental pollution prevention and control along expressways operated by the Group. Meanwhile, the Group also standardised the related work of further improving the environmental protection by employees, including daily environmental protection management, environmental protection management of construction projects and environmental protection publicity and education, raised the “ten musts and ten prohibitions” on the construction site, and finalised the detailed rules for environmental protection management on the construction site.

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5.1 Emissions Management

Major air emissions of the Group are exhaust from official vehicles. To strictly abide by the Interim Provisions on the Prevention and Control of Urban Dust Pollution in Chengdu (《成都市城市揚塵污染防治管理暫行規定》), we are committed to reducing exhaust emissions, and formulated the Implementation Plan for the Reform of Official Vehicle System (《公務用車制度改革實施方案》), which strictly regulates the purchase, lease, operation management and disposal of official vehicles. We use cleaner and more environmentally-friendly gasoline, and will choose vehicles that meet the sixth stage of China's national emission standards for motor vehicles in vehicle replacement to eliminate inefficient vehicles, and provide them with timely maintenance to improve fuel efficiency, and meanwhile make sure to shut down engine while the vehicle is not running, so as to further reduce exhaust emissions.

In addition, the Group strictly monitors the greenhouse gas emissions generated in its business operations. The Group conducts greenhouse gas inventory with reference to the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development and ISO14064-1 formulated by the International Organisation for Standardisation. During the Reporting Period, the Group's greenhouse gas emissions were as follows:

Greenhouse gas emission performance		Unit	2022
Greenhouse gas emissions			
Scope 1	Direct greenhouse gas emissions	tonnes of CO ₂ equivalent	954.17
Scope 2	Indirect greenhouse gas emissions	tonnes of CO ₂ equivalent	6,066.17
Scope 1 and scope 2	Total greenhouse gas emissions	tonnes of CO ₂ equivalent	7,020.33
Scope 1 and scope 2	Greenhouse gas emission intensity	tonnes of CO ₂ equivalent/ million of revenue in RMB	2.70

Scope 1: representing direct greenhouse gas emissions and removals (greenhouse gas removals from trees planted by the Company) from resources owned and controlled by the Group.

Scope 2: representing indirect greenhouse gas emissions from power generation, heat supply and cooling process or steam purchased by the Group from external sources.

During the Reporting Period, the total amount of greenhouse gas emissions of the Group were 7,020.33 tonnes of carbon dioxide equivalent; and the intensity of greenhouse gas emissions were 2.70 tonnes of carbon dioxide equivalent per million revenue in RMB, representing a decrease of approximately 32% from last year, indicating sound progress in achievement of our goals for the Year. We have set directional goals for greenhouse gas emissions in the previous year. During the Year, we reviewed and examined the progress in achieving such goals and implementation of environmental protection measures, and confirmed that the environment-related goals remained applicable for the Year, and we will continue to establish environmental policies in upcoming years. The Group will proactively implement the measures to reduce greenhouse gas emissions with an aim to maintain or gradually reduce greenhouse gas emission intensity (scope 1 and scope 2) while maintaining comparable operations in the future.

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5.2 Noise Mitigation and Management

Traffic noise on expressways is a topic of great concern to the Group. To reduce the traffic noise caused to nearby residents along our expressways, we have engaged the Highway Planning, Survey, Design and Research Institute of Department of Transportation of Sichuan Province of China to complete the noise barrier design in accordance with relevant technical specifications such as Code for Highway Environmental Protection Design (《公路環境保護設計規範》), Code for Acoustic Design and Measurement of Noise Barrier (《聲屏障聲學設計和測量規範》) and Unified Standard for Reliability Design of Highway Engineering Structures (《公路工程結構可靠性設計統一標準》). Meanwhile, we monitor the traffic on a dynamic basis, predict the noise-polluted sections of expressways, and set up different measures to reduce noise pollution, including setting up green belts and planting tall trees along the roadside, erecting sound barriers on both sides of the road, and installing double-layer hollow sound-proof glass windows for households alongside. In addition, we have regularly maintained the pavement of expressways through repair of the potholes, so as to minimise the noise caused while driving. In future, we will continue to install no-whistling signs on some road sections according to the situation to effectively reduce the noise caused by vehicle whistling.

5.3 Energy Conservation and Carbon Reduction

In order to reduce energy consumption, the Group has implemented systematic energy-saving measures. Firstly, the Group divides the office premises into different lighting areas, installs independently controlled lighting switches in different areas, reduces the number of electric lights in specific places, causes the lights to be turned off when idle, and guarantees the cleanliness and energy efficiency of lighting devices. For indoor refrigeration, the Company's air conditioner adopts a central control and monitoring system. When the system detects that no one is in the office, the air conditioner will be automatically turned off to reduce energy consumption. We allow employees not to wear ties in hot weather and wear casual clothes to work every Friday, aiming at reducing the use of air conditioners. In addition, the Group's computers are also set to enter the sleep mode when idle. During non-working hours, electronic equipment will be automatically turned off, and the office power will be turned off on rest days and before holidays to save energy. Meanwhile, the Group facilitated the promotion of ETC systems, and launched the energy-saving publicity week activity to popularise the concepts and knowledge of ecological civilisation and green development, and encouraged the public to choose green traveling methods.

We collect power consumption data on a monthly basis to identify potential for improvements. During the Year, the Group's total power consumption during operation was 10,440.91 MWh, and the intensity of power consumption was 4.02 MWh per million of revenue in RMB, representing a decrease of approximately 26% from last year, indicating sound progress in achievement of our goals for the Year. We have set directional goals for energy consumption in the previous year. During the Year, we reviewed and examined the progress in achieving such goals and implementation of environmental protection measures, and confirmed that the environment-related goals remained applicable for the Year, and we will continue to establish environmental policies in upcoming years. The Group will proactively implement the energy conservation measures with an aim to maintain or gradually reduce power consumption intensity while maintaining comparable operations in the future.

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Meanwhile, in the Group's "14th Five-year Plan", we put forward different strategic positioning for each business segment. The expressway segment is designated with a strategic positioning to build an urban low-carbon transportation energy service provider, establish a comprehensive energy infrastructure network of "oil, gas, electricity, hydrogen and energy storage", and foster a complete urban green traveling and smart energy storage network. Under the low-carbon city segment, the Group expects to build itself into an integrated service provider for green city construction and become an integrated service provider for urban energy planning, construction and operation, so as to improve the efficiency of urban energy management in all aspects and facilitate urban zero carbon development. The strategic positioning of the energy segment of the Company is to build an innovative ecology of "industry-university-research integration" and expedite industrial upgrading based on transportation energy and city energy, and represents an important pillar for the Company to explore the opportunistic businesses and also the core support of the two business segments.

5.4 Water Conservation

Water conservation is one of the principles strongly advocated by the Group, and the Group proactively encourages employees to reduce waste of water resources. We put up water conservation signs in the bathrooms to remind employees to turn off the water tap after washing hands. In addition, we purchase faucet with infrared sensor to replace manual faucet and avoid waste of running water for a long period. In case of faucet leaks, we will immediately notify the property management unit to repair. During the Reporting Period, the Group consumed 78,935.40 cubic metres of water in operation, and the intensity of water consumption was 30.40 cubic metres per million of revenue in RMB, representing a decrease of approximately 23% from last year, indicating sound progress in achievement of our goals for the Year. We did not encounter any problems in searching for water fit for purpose. In addition, we have set directional goals for water consumption in the previous year. During the Year, we reviewed and examined the progress in achieving such goals and implementation of environmental protection measures, and confirmed that the environment-related goals remained applicable for the Year, and we will continue to establish environmental policies in upcoming years. The Group will proactively implement the water resource management measures with an aim to maintain or gradually reduce water consumption intensity while maintaining comparable operations in the future.

5.5 Proper Use of Resources

The Group encourages employees to make good use of materials. In terms of paper consumption, the Group requires double-side printing for documents, suggests using thinner fonts and smaller line spacing for informal documents, and encourages reuse of waste paper for printing to save paper. We use electronic communication and electronic office systems to replace paper and use waste paper to keep notes. In addition, we default the computer and printer to double-sided and ink-saving printing modes. We also installed an electronic system on the mobile phone to reduce the use of paper. Other measures to make good use of materials include reusing stationery such as envelopes and binders, and reusing pens by replacing refills, so as to reduce the consumption of disposable and non-recyclable products. We will also regularly evaluate the consumption of materials to avoid excessive inventory. During the Reporting Period, the total amount of paper consumed by the Group was 9,415.33 kg, and the intensity of paper consumption was 3.63 kg per million of revenue in RMB. In the future, we will continue to monitor and control the consumption of paper and other materials to fulfill the responsibilities as a responsible enterprise.

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Meanwhile, we proactively promote the green maintenance of expressways, accelerate the comprehensive recycling of expressway resources based on the principle of “high efficiency, low consumption and environmental protection”, constantly improve the recycling rate of waste pavement, asphalt and other materials, and establish a waste recycling account to achieve a recycling rate of 95%.

5.6 Mitigate Environmental Pollution

Taking the prevention and control of environmental pollution as the top priority, the Group set up a leading group for environmental pollution prevention and green development with the general manager as the team leader, so as to effectively manage and reduce the emission of waste gas and greenhouse gases, the discharge of pollutants into water and land, and the generation of hazardous and non-hazardous wastes. It clarified the promotion of special projects such as ecological traffic water control, ecological traffic gas control, ecological traffic solid waste treatment, and green traffic environmental protection construction, promoted special projects such as energy conservation and emission reduction, and ecological environment protection, requested proper implementation of information submission, sorted out the sensitive points of environmental pollution, investigated the existing environmental pollution problems, established work ledger, specified the disposal measures, responsible persons and rectification time limit, and required the inclusion of the work progress in the annual safety target assessment.

Further, the Group maintains strict regulations on waste disposal to prevent environmental pollution. The Group strictly abides by the Law of the PRC on Environmental Protection by Solid Wastes (《中華人民共和國固體廢物污染環境保護法》) and other laws to treat wastes in business operations. In terms of kitchen waste, we entered into a contract for the removal of kitchen waste with a disposal agency upon mutual negotiation, and required the parties concerned to properly remove, recycle and dispose of the kitchen waste generated in the canteen. Meanwhile, the Company also engaged agents to recycle the potentially hazardous wastes in our operations in a centralised manner, mainly including used ink cartridges and toner cartridges, which will be recycled and reused by the agents.

During the Reporting Period, the total amount of non-hazardous waste generated by the Group was 297.09 tonnes, and the intensity of non-hazardous waste generation was 0.11 tonnes per million of revenue in RMB, representing a decrease of approximately 43% from last year, indicating sound progress in achievement of our goals for the Year. The total amount of hazardous waste generated was 1,045.10 kg, including waste ink cartridges, waste toner cartridges and waste batteries, and the intensity of hazardous waste generated was 0.40 kg per million of revenue in RMB, representing a decrease of 12% from last year, indicating sound progress in achievement of our goals for the Year. In the future, we will continue to monitor the amount of non-hazardous and hazardous waste. In line with the principle of material conservation and waste classification, we will firmly implement various pollution prevention and recycling measures. In addition, we have set directional goals for waste management in the previous year. During the Year, we reviewed and examined the progress in achieving such goals and implementation of environmental protection measures, and confirmed that the environment-related goals remained applicable for the Year, and we will continue to establish environmental policies in upcoming years. The Group proactively implements materials conservation and waste classification measures, and will maintain or gradually reduce the intensity of waste generation while maintaining comparable operations in the future.

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5.7 Exploitation of Idle Land

The Group attaches importance to the development and utilisation of idle land. During the Reporting Period, we launched research into the idle land held by the Company and put forward targeted designs and schemes, which not only generated income to the Company, but also improved the land utilisation rate.

5.8 Address Climate Change

The challenge brought about by climate change is one of the material issues of concern to the Group. Upon identifying the climate risks related to the Group, we will take relevant measures in due course. For example, during the Year, Chengdu Energy Development Co., Ltd., a subsidiary of the Group, formulated the 14th Five-year Plan. Based on the achievements of the 13th Five-year Plan, Chengdu Energy Development Co., Ltd. drew up the environmental analysis during the 14th five-year period, and will continue to promote the business development of the energy segment, explore new energy sources, point out the new direction in accordance with the national 14th Five-Year Plan, strive to expedite scientific and technological innovation, seek new breakthroughs in the energy industry, and move towards the urban energy new pattern underpinned by “carbon neutrality”.

Climate risk	Potential impact	Countermeasures for climate risk
Acute climate risk	Different extreme weather conditions caused by climate change, such as super typhoon and heavy rain, may cause landslides, flooding and reduced visibility, posing potential risks and threats to the safety of road users and employees	<ul style="list-style-type: none">• Examine the impact of extreme weather on business and formulate extreme weather emergency response plans• Conducting regular emergency drills to enable employees to respond effectively in time when extreme weather strikes
Chronic climate risk	Extreme hot weather conditions will increase the chance of employees working outdoors to suffer from heatstroke and in turn the risk of work-related injuries	<ul style="list-style-type: none">• Formulate measures and plans to guarantee the safety of employees, such as stipulate that employees should suspend outdoor work under extremely high temperatures (over 38 degrees)
Policy and regulatory risk	Unable to adapt to stricter national climate-related policies and regulations will have an impact on business operations	<ul style="list-style-type: none">• Stay tuned to the latest relevant laws and regulations in the market• Adjust various energy-saving and emission-reduction measures as and when appropriate and implement green transformation policies to meet the requirements of updating laws

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6. COMMUNITY CHARITABLE ACTIVITIES

Committed to quality service, addressing difficulties for the public, serving the people wholeheartedly and doing practical things for the public, the Group has been proactively supporting public welfare activities in different communities over the years along its development path, including launching aiding activities, paying condolences to the old and childless, left-behind children, disabled soldiers, needy party members, charitable donations and other voluntary activities, and provide assistance to the elderly living alone, party members with disability and needy families. We work together with the surrounding villagers to forge ahead, and proactively contribute to the realisation of the aspirations for a better life from residents along our expressways. During the Year, the Group donated RMB38,123 in the “Charitable Donation” activity.

In addition to the above charitable activities, set out below are the major public welfare activities launched by the Group during the Year, which demonstrated our dedication to performing actual deeds for the people, and improving their life with practical acts.

The Group Launched Publicity Campaign on World No Tobacco Day

In order to implement the relevant requirements of the special action on tobacco control, the Group further strengthened publicity on tobacco control on 31 May 2022 taking advantage of the World No Tobacco Day, to help improve the health awareness of residents across the city. On the occasion of World No Tobacco Day, the Group proactively mobilised trade union groups to carry out publicity activities on tobacco control, and conducted targeted publicity and education activities leveraging online and offline promotional films, exchange symposiums and other means, so as to enlighten employees on the harm of tobacco to human body and create a strong atmosphere for maintaining a healthy and beautiful environment.



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Voluntarily Helping Villagers Market Stagnant Fruits and Driving Rural Revitalisation with Concerted Efforts

The Group has maintained a sound agricultural assistance mechanism with neighboring governments and residents along our expressways. After learning that local villagers suffered from difficulties in marketing fruits, we immediately launched voluntary activities to help farmers open up the sales channels of agricultural and sideline products. On the one hand, we encouraged staff at toll stations to purchase fruits, and on the other hand, we set up “rural revitalisation agricultural and sideline products exhibition counters” at Pujiang North and Jinxing two pairs of service areas, to sell fruits in season by stages, capitalising on our social functions in transportation, expressway development and helping local villagers get better off.



Blood Donation – Opening up a New Chapter In Promoting Public Welfare

Amid spring chill, the staff of the Group organised young volunteers of the party committee and Youth League to participate in the blood donation activities on Valentine’s Day on 13 February 2022, adding meanings to Valentine’s Day in the name of “giving back to society”. Staff of the Company motivated the public with practical acts, and encouraged more people to participate in blood donation, in a drive to ignite hope for lives suffering illness.



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7. RIGOROUS ANTI-COVID-19 MEASURES

The Group attaches great importance to the COVID-19 pandemic prevention and control of employees, and endeavors to mitigate pandemic spreading. During the COVID-19-stricken periods in 2022, we revised the Prevention and Control Measures of COVID-19 (《新型冠狀病毒感染疫情防控工作》), and proposed to consolidate the foundation for normalised pandemic prevention and control, proactively cooperated with anti-COVID-19 measures, strengthened the supervision of pandemic prevention and control in service areas, strictly enforced the discipline of COVID-19 prevention and control, and enhanced the on-duty inspection, striving to consolidate the achievements made in the fight against COVID-19.

Pursuant to the requirements on normalisation of pandemic prevention and control put forward in the Summary of Safety Production in 2022 and Plan for Safety Production in 2023 (《2022年安全生產工作總結暨2023年安全工作計劃》), the Group strictly implemented its pandemic prevention and control measures, earnestly fulfilled the corporate responsibilities as one of the “four responsible parties”, and urged employees to fulfill their personal responsibilities. Four major points are pointed out in the work essentials: firstly, to earnestly implement “nucleic acid testing upon arrival in Sichuan” for all expressway users. More than 90,000 vehicles entering into (returning) Sichuan, involving over 160,000 drivers and passengers received testing at the exit of our toll stations; secondly, to strengthen the management of pandemic prevention and control in our service areas, and deploy personnel to strictly supervise the “one code scanning and four investigations” task; thirdly, to proactively participate in the pandemic prevention and control initiative in Chengdu, and dispatch more than 300 personnel to Qingyang and Chenghua District to support community pandemic prevention; and fourthly, to strictly implement the Eighth Edition of the Guidelines for COVID-19 Prevention and Control in Expressway Toll Station Service Areas (《高速公路收費站服務區疫情防控指南第八版》), and fulfilled pandemic prevention and control responsibilities on a normalised basis.

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APPENDIX I: SUSTAINABILITY DATA SUMMARY

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

Environmental KPIs	Unit	2022
Emissions¹		
Nitrogen oxides	kg	3,738.36
Sulfur oxides	kg	4.99
Particulate matter	kg	335.11
Greenhouse gas (GHG) emissions		
Direct GHG emissions (Scope 1)	tonnes of CO ₂ e	954.17
Indirect GHG emissions (Scope 2)	tonnes of CO ₂ e	6,066.17
Total GHG emissions (Scope 1 and 2)	tonnes of CO ₂ e	7,020.33
Intensity of GHG emissions (Scope 1 and 2)	tonnes of CO ₂ e/per million revenue in RMB	2.70
Energy consumption		
Natural gas consumption	cubic metre	39,882.00
Intensity of natural gas consumption	cubic metre/per million revenue in RMB	15.36
Petrol consumption	litre	55,317.75
Intensity of petrol consumption	litre/per million revenue in RMB	21.30
Diesel consumption	litre	264,727.79
Intensity of diesel consumption	litre/per million revenue in RMB	101.95
Power consumption	MWh	10,440.91
Intensity of power consumption	MWh/per million revenue in RMB	4.02
Total energy consumption	MWh	14,072.06
Intensity of energy consumption	MWh/per million revenue in RMB	5.42

¹ Emissions represent exhaust gases from official vehicles, which were calculated based on the emission coefficient contained in Appendix II Reporting Guidance on Environmental KPIs issued by the Stock Exchange.

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Environmental KPIs	Unit	2022
Water consumption		
Total water consumption	cubic metre	78,935.40
Water consumption intensity	cubic metre/per million revenue in RMB	30.40
Paper consumption		
Total paper consumption	kg	9,415.33
Paper consumption intensity	kg/per million revenue in RMB	3.63
Waste generation		
Total non-hazardous waste	tonnes	297.09
Non-hazardous waste intensity	tonnes/per million revenue in RMB	0.11
Total hazardous waste	kg	1,045.10
Hazardous waste intensity	kg/per million revenue in RMB	0.40

Social KPIs	Unit	2022
Total number of employees	number	2,190
Number of employees by gender		
Female	number	1,296
Male	number	894
Number of employees by age group		
Under 30	number	612
Between 30 and 50	number	444
Above 50	number	134
Number of employees by geographical region		
Sichuan Province, China	number	2,190

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Social KPIs	Unit	2022
Number of employees by category		
Frontline employees	number	1,874
Junior employees	number	240
Mid-level management	number	55
Senior management	number	21
Turnover rate		
Total turnover rate of employees²	%	6.62
Turnover rate of employees by gender		
Female	%	6.94
Male	%	6.15
Turnover rate of employees by age group		
Under 30	%	9.31
Between 30 and 50	%	4.85
Above 50	%	13.43
Turnover rate of employees by geographical region		
Sichuan Province, China	%	6.62
Trainings		
Percentage of employees trained	%	100
Percentage of employees trained by gender³		
Female	%	100
Male	%	100

² Turnover rate is arrived at by dividing the number of employees by category lost by the number of employees by category as at the end of the year and multiplied by 100%

³ Method of calculation: employees trained of a given category divided by the number of employees of a given category as at the end of the year and multiplied by 100%

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Percentage of employees trained by category		
Frontline employees	%	100
Junior employees	%	100
Mid-level management	%	100
Senior management	%	100
Average training hours per employee by gender ⁴		
Female	hour	41.94
Male	hour	40.90
Average training hours per employee by category		
Frontline employees	hour	45.24
Junior employees	hour	19.62
Mid-level management	hour	17.77
Senior management	hour	21.43
Occupational health and safety performance		
Work-related casualties in 2022	person	0
Percentage of work-related casualties in 2022	%	0
Work-related casualties in 2021	person	0
Percentage of work-related casualties in 2021	%	0
Work-related casualties in 2020	person	0
Percentage of work-related casualties in 2020	%	0
Work days lost due to work-related injury	day	217



⁴ Method of calculation: employees trained of a gender by the number of employees of the same gender

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APPENDIX II: HKEX ESG REPORTING GUIDE CONTENT INDEX

Indicator		Chapter
A. Environmental Aspect		
A1:	Emissions	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	5. Dedicated to the Green Development Concept
A1.1	The types of emissions and respective emissions data.	Appendix I: Sustainability Data Summary
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.1 Emissions Management, Appendix I: Sustainability Data Summary
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.6 Mitigate Environmental Pollution, Appendix I: Sustainability Data Summary
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.6 Mitigate Environmental Pollution, Appendix I: Sustainability Data Summary
A1.5	Description of emission target(s) set and steps taken to achieve them.	5.1 Emissions Management
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	5.6 Mitigate Environmental Pollution

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Indicator		Chapter
A2:	Use of Resources	
General Disclosure	Policies on efficient use of resources including energy, water, and other raw materials.	5. Dedicated to the Green Development Concept, Appendix I: Sustainability Data Summary
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Appendix I: Sustainability Data Summary
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	5.4 Water Conservation, Appendix I: Sustainability Data Summary
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	5.3 Energy Conservation and Carbon Reduction, Appendix I: Sustainability Data Summary
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	5.4 Water Conservation, Appendix I: Sustainability Data Summary
A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable as the Group's business does not involve any packaging materials
A3:	The Environment and Natural Resources	
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	5. Dedicated to the Green Development Concept
A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them.	5. Dedicated to the Green Development Concept
A4:	Climate Change	
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	5.8 Address Climate Change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	5.8 Address Climate Change

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Indicator		Chapter
B. Social Aspect		
B1:	Employment	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4. Remarkable Employees
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Appendix I: Sustainability Data Summary
B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: Sustainability Data Summary
B2:	Health and Safety	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.3 Employee Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix I: Sustainability Data Summary
B2.2	Lost days due to work injury.	Appendix I: Sustainability Data Summary
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.3 Employee Health and Safety

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Indicator		Chapter
B3:	Development and Training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.4 Professional Training and Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.4 Professional Training and Development
B3.2	The average training hours completed per employee by gender and employee category.	4.4 Professional Training and Development
B4:	Labour Standards	
B4	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	4.1 Employee Rights and Interests
B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.1 Employee Rights and Interests
B4.2	Description of steps taken to eliminate non-compliance when discovered.	4.1 Employee Rights and Interests
B5:	Supply Chain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	3.5 Supply Chain Management
B5.1	Number of suppliers by geographical region.	3.5 Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	3.5 Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.5 Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.5 Supply Chain Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator		Chapter
B6:	Product Responsibility	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	3.1 Road and Energy Safety Management 3.2 Improve Customer Experience 3.3 Safeguard Information Security
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable as the Group's business does not involve any products sold or shipped
B6.2	Number of products and service related complaints received and how they are dealt with.	3.2 Improve Customer Experience
B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.3 Safeguard Information Security
B6.4	Description of quality assurance process and recall procedures.	3.1 Road and Energy Safety Management
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	3.3 Safeguard Information Security
B7:	Anti-corruption	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering.	3.4 Committed to Integrity and Anti-corruption
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	3.4 Committed to Integrity and Anti-corruption
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	3.4 Committed to Integrity and Anti-corruption
B7.3	Description of anti-corruption training provided to directors and staff.	3.4 Committed to Integrity and Anti-corruption
B8:	Community Investment	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests.	6. Community Charitable Activities
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6. Community Charitable Activities
B8.2	Resources contributed to the focus area.	6. Community Charitable Activities

INDEPENDENT AUDITOR'S REPORT



Ernst & Young Hua Ming LLP
Level 16, Ernst & Young Tower
Oriental Plaza
No. 1 East Chang An Avenue
Dong Cheng District
Beijing, China 100738

安永華明會計師事務所
(特殊普通合夥)
中國北京市東城區長安街1號
東方廣場安永大樓16層
郵政編號：100738

Tel 電話: +86 10 5815 3000
Fax 傳真: +86 10 8518 8298
ey.com

Ernst & Young Hua Ming (2023) Shen Zi No. 61267756_D01
Chengdu Expressway Co., Ltd.

To the shareholders of Chengdu Expressway Co., Ltd.,

(I) OPINION

We have audited the financial statements of Chengdu Expressway Co., Ltd., which comprise the consolidated and company's balance sheets as at 31 December 2022, and the consolidated and company's income statements, the statements of changes in equity and the statements of cash flows for 2022, and notes to the financial statements.

In our opinion, the accompanying financial statements of Chengdu Expressway Co., Ltd. present fairly, in all material respects, the consolidated and company's financial position of Chengdu Expressway Co., Ltd. as at 31 December 2022, and the consolidated and company's financial performance and cash flows for 2022 in accordance with Accounting Standards for Business Enterprises.

(II) BASIS OF OPINION

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

(III) KEY AUDIT MATTERS

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

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

INDEPENDENT AUDITOR'S REPORT



Ernst & Young Hua Ming (2023) Shen Zi No. 61267756_D01
Chengdu Expressway Co., Ltd.

(III) KEY AUDIT MATTERS (continued)

Key audit matter:	How our audit addressed the key audit matter:
<i>Amortisation of service concession rights</i>	
<p>As the service concession rights of the five expressways operated by Chengdu Expressway Co., Ltd. and its subsidiaries represent its core assets, the amortisation thereof has a material impact on cost of sales. In 2022, amortisation of service concession rights amounted to RMB240,057,581 and RMB33,688,193 in the consolidated financial statements and the Company's financial statements, respectively.</p> <p>The amortisation of service concession rights is provided based on the traffic flow method, and calculated according to the share of actual traffic volume in a particular period over the sum of actual traffic volume in a particular period and total projected traffic volume throughout the remaining service concession period. The projection of the total traffic volume involves significant management judgement and estimates, including the expected gross domestic product (the "GDP") growth rate and the impact of other road networks within the same area.</p> <p>The management engaged independent professional traffic research institutions to assess the projected total traffic volume on each expressway during the service concession period. In follow-up periods, the management reviews the projected total traffic volume on a regular basis, and in case of any significant discrepancy and such discrepancy to persist, the management will entrust professional institutions to perform independent and professional traffic researches to make appropriate adjustments.</p> <p>The accounting policies and disclosures in relation to amortisation of service concession rights are included in Note III.17, Note III.31 and Note V.13.</p>	<p>We performed the following tasks in our audit procedures:</p> <ol style="list-style-type: none"> 1) We interviewed the management and understood the internal control associated with the review of the projected traffic volume against actual traffic volume; 2) We reviewed the estimated projected total traffic volume of the each expressway and assessed whether these estimates were reliable and reasonable; 3) We focused our analysis on management's key assumptions used in the estimates of the traffic volume such as the GDP growth rate, the impact of other road networks within the same area, the historical accuracy of management's estimates and assessed the consistency of the assumptions across expressways; 4) We validated the accuracy of the data on actual traffic volume employed by the management in calculating the amortisation of service concession rights, and justified the reasonableness of the calculation process; and recalculated the amortisation of the service concession rights; 5) We considered whether the amortisation methodology adopted by the management represented the way in which estimated economic benefits from the expressway service rights will be depleted; and 6) We validated relevant disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT



Ernst & Young Hua Ming (2023) Shen Zi No. 61267756_D01
Chengdu Expressway Co., Ltd.

(IV) OTHER INFORMATION

The management of Chengdu Expressway Co., Ltd. is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

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

The management of Chengdu Expressway Co., Ltd. is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing Chengdu Expressway Co., Ltd.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the management either intends to liquidate Chengdu Expressway Co., Ltd. or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Chengdu Expressway Co., Ltd.'s financial reporting process.

INDEPENDENT AUDITOR'S REPORT



Ernst & Young Hua Ming (2023) Shen Zi No. 61267756_D01
Chengdu Expressway Co., Ltd.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

INDEPENDENT AUDITOR'S REPORT



Ernst & Young Hua Ming (2023) Shen Zi No. 61267756_D01
Chengdu Expressway Co., Ltd.

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

As part of an audit in accordance with the auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also: (continued)

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

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

INDEPENDENT AUDITOR'S REPORT



Ernst & Young Hua Ming (2023) Shen Zi No. 61267756_D01
Chengdu Expressway Co., Ltd.

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

As part of an audit in accordance with the auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also: (continued)

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

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

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Ai Wei
(Engagement partner)

Chinese Certified Public Accountant: Hu Yan

Beijing, PRC

27 March 2023

CONSOLIDATED BALANCE SHEET

31 December 2022 Unit: RMB

ASSETS	Note V	31 December 2022	31 December 2021
Current assets			
Currency funds	1	1,889,340,360	1,887,351,380
Accounts receivable	2	207,447,293	144,714,700
Prepayments	3	56,774,860	43,331,550
Other receivables	4	52,766,054	59,693,549
Inventories	5	17,322,330	46,134,548
Other current assets	6	13,799,306	1,270,364
Total current assets		2,237,450,203	2,182,496,091
Non-current assets			
Long-term receivables	7	–	2,150,000
Long-term equity investments	8	453,144,917	387,894,091
Other non-current financial assets	9	81,290,000	13,950,700
Fixed assets	10	321,861,951	350,564,711
Construction in progress	11	102,137,560	24,884,184
Right-of-use assets	12	35,125,844	45,670,419
Intangible assets	13	5,816,283,174	6,055,765,246
Goodwill	14	34,025,910	34,025,910
Long-term prepaid expenses	15	2,329,560	452,765
Deferred tax assets	16	28,476,978	30,083,024
Other non-current assets	17	15,000,398	29,801,217
Total non-current assets		6,889,676,292	6,975,242,267
Total assets		9,127,126,495	9,157,738,358

The accompanying notes to financial statements form an integral part of these financial statements

CONSOLIDATED BALANCE SHEET

31 December 2022 Unit: RMB

LIABILITIES AND EQUITY	Note V	31 December 2022	31 December 2021
Current liabilities			
Accounts payable	18	710,797,756	842,544,627
Receipts in advance	19	2,955,800	–
Contract liabilities	20	22,627,372	21,503,756
Employee benefits payable	21	31,803,009	48,628,003
Taxes and surcharges payable	22	38,431,939	44,802,820
Other payables	23	140,703,423	201,858,227
Non-current liabilities due within one year	24	216,940,982	253,742,390
Other current liabilities	25	304,647,960	–
Total current liabilities		1,468,908,241	1,413,079,823
Non-current liabilities			
Long-term borrowings	26	2,329,000,000	2,732,000,000
Lease liabilities	27	26,869,475	36,988,170
Deferred tax liabilities	16	191,289,142	185,740,100
Other non-current liabilities	28	193,066,151	188,497,999
Total non-current liabilities		2,740,224,768	3,143,226,269
Total liabilities		4,209,133,009	4,556,306,092
Equity			
Share capital	29	1,656,102,000	1,656,102,000
Capital reserves	30	516,284,901	504,353,491
Specialised reserves	31	15,903,593	14,906,630
Surplus reserves	32	268,218,423	213,889,871
Unappropriated profit	33	1,527,160,528	1,308,271,876
Total equity attributable to shareholders of the Company		3,983,669,445	3,697,523,868
Non-controlling interests		934,324,041	903,908,398
Total equity		4,917,993,486	4,601,432,266
Total liabilities and equity		9,127,126,495	9,157,738,358

The financial statements have been signed by:

Legal representative:

Financial controller:

Accounting supervisor:

The accompanying notes to financial statements form an integral part of these financial statements

CONSOLIDATED INCOME STATEMENT

2022 Unit: RMB

	Note V	2022	2021
Revenue	34	2,596,622,994	2,702,370,887
Less: Cost of sales	34	1,725,555,623	1,685,900,973
Taxes and surcharges	35	12,342,900	11,341,541
Selling expenses	36	61,984,568	57,813,384
Administrative expenses	37	124,291,671	118,877,263
Finance expenses	38	83,119,871	100,148,361
Including: Interest expenses		123,693,974	136,721,789
Interest income		41,862,428	39,008,570
Add: Other income		208,730	–
Investment income	39	28,275,472	44,830,913
Including: Income from investments in associates and joint ventures		25,475,472	44,496,113
Credit impairment gain/(loss)	40	50,464,840	(2,025,195)
Gains from disposal of assets	41	363,653	35,666,406
Fair value loss	42	(2,660,700)	–
Operating profit		665,980,356	806,761,489
Add: Non-operating income	43	23,260,299	20,275,123
Less: Non-operating expenses	44	400,047	1,271,514
Total profit		688,840,608	825,765,098
Less: Income tax expenses	47	111,878,822	140,706,655
Net profit		576,961,786	685,058,443
Classified by continuity of operations			
Net profit from continuing operations		576,961,786	685,058,443
Classified by ownership			
Net profit attributable to shareholders of the Company		506,727,585	614,652,615
Net profit attributable to non-controlling interests		70,234,201	70,405,828
Total comprehensive income		576,961,786	685,058,443
Including:			
Total comprehensive income attributable to shareholders of the Company		506,727,585	614,652,615
Total comprehensive income attributable to non-controlling interests		70,234,201	70,405,828
Earnings per share (RMB/share)	48		
Basic and diluted earnings per share		0.31	0.37

The accompanying notes to financial statements form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2022 Unit: RMB

2022

	Attributable to shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Capital reserves	Specialised reserves	Surplus reserves	Unappropriated profit	Subtotal		
I. Closing balances of the preceding year and opening balances of the current year	1,656,102,000	504,353,491	14,906,630	213,889,871	1,308,271,876	3,697,523,868	903,908,398	4,601,432,266
II. Changes in the current year								
(I) Total comprehensive income	-	-	-	-	506,727,585	506,727,585	70,234,201	576,961,786
(II) Shareholder contribution and capital reduction								
1. Capital increase from non-controlling interests	-	-	-	-	-	-	11,167,316	11,167,316
2. Others	-	11,931,410	-	-	-	11,931,410	11,027,076	22,958,486
(III) Profit distribution								
1. Appropriation of surplus reserves	-	-	-	54,328,552	(54,328,552)	-	-	-
2. Distribution to shareholders	-	-	-	-	(233,510,381)	(233,510,381)	(62,439,484)	(295,949,865)
(IV) Specialised reserves								
1. Appropriation during the year	-	-	4,922,965	-	-	4,922,965	4,621,787	9,544,752
2. Utilisation during the year	-	-	(4,031,407)	-	-	(4,031,407)	(4,201,399)	(8,232,806)
3. Net changes in specialised reserves of joint ventures entitled to on a pro-rata basis	-	-	105,405	-	-	105,405	6,146	111,551
III. Closing balances for the year	1,656,102,000	516,284,901	15,903,593	268,218,423	1,527,160,528	3,983,669,445	934,324,041	4,917,993,486

The accompanying notes to financial statements form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2022 Unit: RMB

2021

	Attributable to shareholders of the Company					Subtotal	Non-controlling interests	Total equity
	Share capital	Capital reserves	Specialised reserves	Surplus reserves	Unappropriated profit			
I. Closing balances of the preceding year and opening balances of the current year	1,656,102,000	503,968,616	12,176,671	173,993,461	933,904,013	3,280,144,761	891,762,849	4,171,907,610
II. Changes in the current year								
(I) Total comprehensive income	-	-	-	-	614,652,615	614,652,615	70,405,828	685,058,443
(II) Shareholder contribution and capital reduction								
1. Acquisition of non-controlling interests in subsidiaries	-	384,875	-	-	-	384,875	(2,436,348)	(2,051,473)
(III) Profit distribution								
1. Appropriation of surplus reserves	-	-	-	39,896,410	(39,896,410)	-	-	-
2. Distribution to shareholders	-	-	-	-	(200,388,342)	(200,388,342)	(58,248,837)	(258,637,179)
(IV) Specialised reserves								
1. Appropriation during the year	-	-	4,359,401	-	-	4,359,401	4,010,200	8,369,601
2. Utilisation during the year	-	-	(1,570,770)	-	-	(1,570,770)	(1,581,873)	(3,152,643)
3. Net changes in specialised reserves of joint ventures entitled to on a pro-rata basis	-	-	(58,672)	-	-	(58,672)	(3,421)	(62,093)
III. Closing balances for the year	1,656,102,000	504,353,491	14,906,630	213,889,871	1,308,271,876	3,697,523,868	903,908,398	4,601,432,266

The accompanying notes to financial statements form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

2022 Unit: RMB

	Note V	2022	2021
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		2,377,250,981	2,515,742,485
Refund of taxes and surcharges		209,437	165,686
Other cash received relating to operating activities	49	161,848,175	61,121,705
Subtotal of cash inflows from operating activities		2,539,308,593	2,577,029,876
Cash paid for purchase of goods and receipt of services		986,545,023	1,029,733,528
Cash paid to and on behalf of employees		365,481,539	322,023,963
Payments of taxes and surcharges		209,626,374	232,863,427
Other cash paid relating to operating activities	49	127,285,968	163,917,496
Subtotal of cash outflows from operating activities		1,688,938,904	1,748,538,414
Net cash flows from operating activities		850,369,689	828,491,462
II. Cash flows used in investing activities:			
Cash received from disposal of investments		1,274,112,773	1,156,072,925
Cash received from investment gains		40,114,666	37,693,454
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		149,200	14,824,445
Subtotal of cash inflows from investing activities		1,314,376,639	1,208,590,824
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		189,030,763	126,279,511
Cash paid to acquire investments		1,390,979,131	1,173,450,700
Subtotal of cash outflows from investing activities		1,580,009,894	1,299,730,211
Net cash flows used in investing activities		(265,633,255)	(91,139,387)

The accompanying notes to financial statements form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

2022 Unit: RMB

	Note V	2022	2021
III. Cash flows used in financing activities:			
Cash received from absorption of investments		11,167,316	–
Including: Cash received by subsidiaries from investment of non-controlling shareholders		11,167,316	–
Cash received from borrowings		300,000,000	–
Other cash received relating to financing activities	49	22,958,486	40,000,000
Subtotal of cash inflows from financing activities		334,125,802	40,000,000
Cash paid for repayment of debts		439,600,000	214,500,000
Cash paid for distribution of dividends, profits or repayment of interests		409,929,502	385,054,784
Including: Dividends and profits paid to non-controlling interests by subsidiaries		53,374,853	50,645,318
Other cash paid relating to financing activities	49	55,380,981	9,328,436
Subtotal of cash outflows from financing activities		904,910,483	608,883,220
Net cash flows used in financing activities		(570,784,681)	(568,883,220)
IV. Net increase in cash and cash equivalents		13,951,753	168,468,855
Add: Balance of cash and cash equivalents at the beginning of the year	50	1,800,119,207	1,631,650,352
V. Balance of cash and cash equivalents at the end of the year		1,814,070,960	1,800,119,207

The accompanying notes to financial statements form an integral part of these financial statements

BALANCE SHEET OF THE COMPANY

31 December 2022 Unit: RMB

ASSETS	Note XIII	31 December 2022	31 December 2021
Current assets			
Currency funds		1,450,834,319	1,510,358,309
Accounts receivable	1	5,045,754	10,434,190
Prepayments		2,116,098	1,101,148
Other receivables	2	250,136,163	161,291,031
Other current assets		7,609,380	1,119,931
Total current assets		1,715,741,714	1,684,304,609
Non-current assets			
Long-term equity investments	3	2,919,082,148	2,864,369,288
Other non-current financial assets		80,790,000	13,450,700
Fixed assets		27,660,400	29,890,313
Construction in progress		19,799,454	541,032
Right-of-use assets		10,876,432	14,218,330
Intangible assets		464,048,741	498,886,210
Deferred tax assets		2,718,782	2,483,916
Total non-current assets		3,524,975,957	3,423,839,789
Total assets		5,240,717,671	5,108,144,398

The accompanying notes to financial statements form an integral part of these financial statements

BALANCE SHEET OF THE COMPANY

31 December 2022 Unit: RMB

LIABILITIES AND EQUITY	31 December 2022	31 December 2021
Current liabilities		
Accounts payable	29,152,966	35,446,655
Receipts in advance	718,129	-
Employee benefits payable	7,369,934	12,768,500
Taxes and surcharges payable	5,823,056	3,960,480
Other payables	765,722,678	1,132,527,454
Non-current liabilities due within one year	112,296,715	117,152,299
Other current liabilities	304,188,082	-
Total current liabilities	1,225,271,560	1,301,855,388
Non-current liabilities		
Long-term borrowings	226,000,000	333,000,000
Lease liabilities	7,670,155	11,002,702
Other non-current liabilities	24,328,734	14,614,219
Total non-current liabilities	257,998,889	358,616,921
Total liabilities	1,483,270,449	1,660,472,309
Equity		
Share capital	1,656,102,000	1,656,102,000
Capital reserves	670,065,375	670,065,375
Surplus reserves	268,218,423	213,889,871
Unappropriated profit	1,163,061,424	907,614,843
Total equity	3,757,447,222	3,447,672,089
Total liabilities and equity	5,240,717,671	5,108,144,398

The accompanying notes to financial statements form an integral part of these financial statements

INCOME STATEMENT OF THE COMPANY

2022 Unit: RMB

	Note XIII	2022	2021
Revenue	4	409,895,875	419,677,711
Less: Cost of sales	4	184,413,963	179,994,689
Taxes and surcharges		1,924,244	1,865,261
Administrative expenses		40,484,653	42,307,096
Finance expenses		(391,521)	4,455,205
Including: Interest expenses		41,744,729	41,212,817
Interest income		41,941,041	37,909,300
Add: Other income		122,648	–
Investment income	5	377,813,597	229,419,082
Including: Income from investments in associates		17,568,910	21,114,718
Fair value loss		(2,660,700)	–
Operating profit		558,740,081	420,474,542
Add: Non-operating income		15,196,554	11,007,857
Less: Non-operating expenses		154,751	139,466
Total profit		573,781,884	431,342,933
Less: Income tax expenses		30,496,370	32,559,431
Net profit		543,285,514	398,783,502
Including: Net profit from continuing operations		543,285,514	398,783,502
Total comprehensive income		543,285,514	398,783,502

The accompanying notes to financial statements form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

2022 Unit: RMB

2022

	Share capital	Capital reserves	Surplus reserves	Unappropriated profit	Total equity
I. Closing balances of the preceding year and opening balances of the current year	1,656,102,000	670,065,375	213,889,871	907,614,843	3,447,672,089
II. Changes in the current year					
(I) Total comprehensive income	-	-	-	543,285,514	543,285,514
(II) Profit distribution					
1. Appropriation of surplus reserves	-	-	54,328,552	(54,328,552)	-
2. Distribution to shareholders	-	-	-	(233,510,381)	(233,510,381)
III. Closing balances for the year	1,656,102,000	670,065,375	268,218,423	1,163,061,424	3,757,447,222

2021

	Share capital	Capital reserves	Surplus reserves	Unappropriated profit	Total equity
I. Closing balances of the preceding year and opening balances of the current year	1,656,102,000	670,065,375	173,993,461	749,116,093	3,249,276,929
II. Changes in the current year					
(I) Total comprehensive income	-	-	-	398,783,502	398,783,502
(II) Profit distribution					
1. Appropriation of surplus reserves	-	-	39,896,410	(39,896,410)	-
2. Distribution to shareholders	-	-	-	(200,388,342)	(200,388,342)
III. Closing balances for the year	1,656,102,000	670,065,375	213,889,871	907,614,843	3,447,672,089

The accompanying notes to financial statements form an integral part of these financial statements

STATEMENT OF CASH FLOWS OF THE COMPANY

2022 Unit: RMB

	2022	2021
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	413,407,793	460,574,288
Refund of taxes and surcharges	122,648	135,644
Other cash received relating to operating activities	58,012,161	21,736,842
Subtotal of cash inflows from operating activities	471,542,602	482,446,774
Cash paid for purchase of goods and receipt of services	93,773,650	113,389,457
Cash paid to and on behalf of employees	76,853,348	66,346,901
Payments of taxes and surcharges	37,190,826	47,872,665
Other cash paid relating to operating activities	66,664,391	110,801,304
Subtotal of cash outflows from operating activities	274,482,215	338,410,327
Net cash flows from operating activities	197,060,387	144,036,447
II. Cash flows from investing activities:		
Cash received from disposal of investments	1,031,962,773	1,036,072,925
Cash received from investment gains	394,310,001	239,456,308
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	99,920	1,929
Other cash received relating to investing activities	48,483,974	3,940,648
Subtotal of cash inflows from investing activities	1,474,856,668	1,279,471,810
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	8,895,558	36,092,162
Cash paid to acquire investments	1,148,744,387	993,450,700
Other cash paid relating to investing activities	115,000,000	60,000,000
Subtotal of cash outflows from investing activities	1,272,639,945	1,089,542,862
Net cash flows from investing activities	202,216,723	189,928,948

The accompanying notes to financial statements form an integral part of these financial statements

STATEMENT OF CASH FLOWS OF THE COMPANY

2022 Unit: RMB

	2022	2021
III. Cash flows used in financing activities:		
Other cash received relating to financing activities	300,000,000	191,502,270
Subtotal of cash inflows from financing activities	300,000,000	191,502,270
Cash paid for repayment of debts	112,000,000	107,000,000
Cash paid for distribution of dividends, profits or repayment of interests	276,996,598	241,089,806
Other cash paid relating to financing activities	357,841,729	3,441,300
Subtotal of cash outflows from financing activities	746,838,327	351,531,106
Net cash flows used in financing activities	(446,838,327)	(160,028,836)
IV. Net (decrease)/increase in cash and cash equivalents	(47,561,217)	173,936,559
Add: Balance of cash and cash equivalents at the beginning of the year	1,343,124,636	1,169,188,077
V. Balance of cash and cash equivalents at the end of the year	1,295,563,419	1,343,124,636

The accompanying notes to financial statements form an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

I. BASIC INFORMATION

Chengdu Expressway Co., Ltd. (the "Company"), formerly known as Chengdu Chengguan Expressway Co., Ltd. (成都成灌高速公路有限責任公司), is a company with limited liability registered in Sichuan, the People's Republic of China and was established on 25 August 1998 with perpetual term of operation. On 21 December 2016, the Company completed reorganisation as a joint stock company with limited liability and changed its name to Chengdu Expressway Co., Ltd. The Company issued an aggregate of 456,102,000 ordinary H shares with a nominal value of RMB1 each on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") in January 2019 and February 2019. The headquarters of the Company is located at 9th Floor, Chengnan Tianfu Building, No. 66 Shenghe 1st Road, High-Tech Zone, Chengdu, Sichuan.

As of 31 December 2022, the Company issued an aggregate of 1,656,102,000 shares, representing total share capital of RMB1,656,102,000.

The Company and its subsidiaries (the "Group") are principally engaged in the operation, management and development of expressways (including ancillary service areas) located in and around Chengdu, Sichuan Province, as well as retail of refined oil, and also expand into operation of natural gas.

The parent company and the ultimate controller of the Group is Chengdu Expressway Construction and Development Co., Ltd. ("Chengdu Expressway Construction") which is incorporated in the People's Republic of China and State-owned Assets Supervision and Administration Commission of Chengdu Municipal Government (the "Chengdu SASAC"), respectively.

These financial statements were approved for issuance pursuant to the Board resolution passed on 27 March 2023.

The consolidation scope of these consolidated financial statements was determined based on control, and there was no change in the consolidation scope during the year.

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

These financial statements were prepared under the Accounting Standards for Business Enterprises – Basic Standards issued by the Ministry of Finance, and the specific accounting standards, application guide, interpretation and other relevant stipulations issued and revised in subsequent periods (collectively, the "Accounting Standards for Business Enterprises").

These financial statements have been prepared on a going concern basis.

The financial statements are prepared under the historical cost convention, except for certain financial instruments. In case of asset impairment, corresponding provisions for impairment shall be made according to relevant rules.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The Group formulated accounting policies and estimates specific to actual operations, which were primarily characterised by provision of expected credit loss on receivables, amortisation of intangible assets and recognition of deferred tax.

1. Statement of compliance with the Accounting Standards for Business Enterprises

These financial statements comply with the Accounting Standards for Business Enterprises, and give a true and complete view of the financial position of the Company and the Group as at 31 December 2022 and their financial performance and cash flows for 2022.

2. Accounting period

The accounting year of the Group is a calendar year, i.e., from 1 January to 31 December of each year.

3. Functional currency

The Company's functional and presentation currency is Renminbi ("RMB"). The currency unit is RMB Yuan unless otherwise stated.

4. Business combinations

Business combinations comprise business combinations involving entities under common control and business combinations involving entities not under common control.

Business combinations involving entities under common control

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

The assets and liabilities (including goodwill arising from the ultimate controlling party's acquisition of the entity being absorbed) that are obtained by the absorbing entity in a business combination under common control shall be measured on the basis of their carrying amounts in the financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) shall be adjusted to capital premium under capital reserves. If the capital premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(continued)*

4. Business combinations *(continued)*

Business combinations involving entities not under common control

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

The acquiree's identifiable assets, liabilities and contingent liabilities acquired by the acquirer in a business combination involving entities not under common control shall be measured at their fair values on the acquisition date. Goodwill is measured at cost being the excess of the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest in the acquiree over the acquirer's interest in the fair value of the acquiree's net identifiable net assets. If the aggregate of the fair value of consideration transferred (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest in the acquiree is lower than the acquirer's interest in the fair value of the acquiree's net identifiable net assets, the difference is, after reassessment of the fair value of each identifiable asset, liability and contingent liability acquired from the acquiree and the fair value of consideration transferred (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest in the acquiree, recognised in profit or loss for the current period.

5. Consolidated financial statements

The scope of the consolidated financial statements, which include the financial statements of the Company and all of its subsidiaries, is determined on the basis of control. A subsidiary is an entity that is controlled by the Company (such as an enterprise, a deemed separate entity, or a structured entity controlled by the Company).

In the preparation of the consolidated financial statements, the accounting policies and accounting periods of the Company and subsidiaries are consistent in the preparation of the consolidated financial statements. All intra-group assets, liabilities, equities, income, expenses and cash flows relating to transaction between members of the Group are eliminated in full of consolidation.

Where the loss for the current period attributable to non-controlling interests of a subsidiary exceeds the non-controlling interests of the opening balance of equity of the subsidiary, the excess shall still be allocated against non-controlling interests.

For a subsidiary that is acquired in a business combination involving enterprises not under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements from the date on which the Group obtains control, until the Group ceases its control. In the preparation of the consolidated financial statements, the financial statements of the subsidiaries shall be adjusted based on the fair values of the identifiable assets, liabilities and contingent liabilities determined on the acquisition date.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(continued)*

5. Consolidated financial statements *(continued)*

For subsidiaries acquired through business combinations involving entities under common control, the financial performance and cash flows of the entity being absorbed shall be included in the consolidated financial statements from the beginning of the period in which the combination occurs. While preparing the comparative financial statements, adjustments are made to related items in the financial statements for the prior period as if the reporting entity after the combination has been in existence since the date the ultimate controlling party first obtained the control.

The Group reassesses whether or not it controls an investee if any change in facts and circumstances indicate that there are changes to one or more of elements of the three elements of control.

A change in the non-controlling interests, without a loss of control, is accounted for as an equity transaction.

6. Joint arrangement and joint operations

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

7. Cash and cash equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term highly liquid investments held by the Group that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Foreign currency transactions

The Group translates foreign currency transactions into its functional currency.

Foreign currency transactions are recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate prevailing on the transaction dates. Monetary items denominated in foreign currencies are translated at the spot exchange rates rolling at the balance sheet date. Differences arising on settlement or translation of monetary items are recognised in profit or loss in, with the exception for those relating to foreign currency borrowings specifically for construction and acquisition of qualifying assets, which are capitalised in accordance with the guidance for capitalisation of borrowing costs. Non-monetary items that are measured in terms of historical cost in a foreign currency is not changed. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The resulting exchange differences are recognised in profit or loss or other comprehensive income depending on the nature of the non-monetary items.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(continued)*

8. Foreign currency transactions *(continued)*

Foreign currency cash flows are translated using the spot exchange rate prevailing on the date on which the cash flows occur. The effect of exchange rate changes on cash is separately presented as an adjustment item in the statement of cash flows.

9. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity, and a financial liability or equity instrument of another entity.

Recognition and derecognition of financial instruments

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

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

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

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

Regular way purchases and sales of financial assets are recognised and derecognised using trade date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the period generally established by regulation or convention in the marketplace. The trade date is the date that the Group committed to purchase or sell a financial asset.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(continued)*

9. Financial instruments *(continued)*

Classification and measurement of financial assets

The financial assets of the Group are classified upon the initial recognition based on the business model of the Group's corporate management financial assets and the characteristics of the financial assets' contractual cash flows: financial assets measured at amortised cost, and financial assets measured at fair value through profit or loss. All affected financial assets would be reclassified if and only if the Group changes its business model for managing financial assets.

Financial assets are measured at fair value at initial recognition. However, if the accounts receivable or bills receivable arising from the sale of goods or the provision of services do not contain significant financing components or do not consider financing components not exceeding one year, the financial assets shall be initially measured at the transaction price.

For financial assets measured at fair value through profit or loss, the related transaction costs are directly recognised in profit or loss for the period. Transaction costs of other types of financial assets are included in the value initially recognised.

Subsequent measurement of financial assets depends on their classification:

Debt instrument investments measured at amortised cost

Financial assets are classified as financial assets measured at amortised cost if they meet the following conditions: the business model for managing the financial assets is to collect contractual cash flows; the contractual terms of the financial assets stipulate that cash flows on a specific date are solely for the payments of the principals and interest incurred from the outstanding principal amount. Such financial assets are recognised as interest income using the effective interest rate method. The gains or losses arising from derecognition, modification or impairment are recognised in profit or loss for the period.

Financial assets measured at fair value through profit or loss

Financial assets other than the financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. For such financial assets, fair value is used for subsequent measurement, and all changes in fair value are recognised in profit or loss for the period.

At initial recognition, the Group designated the investment in non-trading equity instruments as financial assets at fair value through profit or loss, and presented as other non-current financial assets. Upon designation, such category of financial assets cannot be reclassified as other category of financial assets; nor can other financial assets be re-designated as financial assets at fair value through profit or loss after initial recognition.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(continued)*

9. Financial instruments *(continued)*

Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into financial liabilities measured at amortised cost, and the related transaction costs are included in the initial recognition amounts.

Such financial liabilities are subsequently measured at amortised cost using the effective interest method.

Impairment of financial instruments

Based on the expected credit losses ("ECLs"), the Group recognises an allowance for ECLs for the financial assets measured at amortised cost.

For trade receivables that do not contain a significant financing component, the Group applies the simplified approach to recognise a loss allowance based on lifetime ECLs.

Except for financial assets which apply the simplified approach as mentioned above, the Group assesses whether the credit risk has increased significantly since initial recognition at each balance sheet date. If the credit risk has not increased significantly since initial recognition (stage 1), the loss allowance is measured at an amount equal to 12-month ECLs by the Group and the interest income is calculated according to the carrying amount and the effective interest rate; if the credit risk has increased significantly since initial recognition but are not credit-impaired (stage 2), the loss allowance is measured at an amount equal to lifetime ECLs by the Group and the interest income is calculated according to the carrying amount and the effective interest rate; if such financial assets are credit-impaired after initial recognition (stage 3), the loss allowance is measured at an amount equal to lifetime ECLs by the Group and the interest income is calculated according to the amortised cost and the effective interest rate.

The Group assesses whether the credit risk on the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments on the balance sheet date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments. If the credit risk of financial instruments is low at the balance sheet date, the Group assumes that the credit risk has not increased significantly since initial recognition.

For the disclosure of the criteria for judging significant increase in credit risk and the definition of credit-impaired assets, please refer to Note VIII.2.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(continued)*

9. Financial instruments *(continued)*

Impairment of financial instruments (continued)

The Group considers the following factors when measuring expected credit loss: the un-biased probability-weighted average amount determined by evaluating a range of possible outcomes, the time value of the currency, and the reasonable and well-founded information about past events, current conditions and projections of future economic conditions that can be obtained at the balance sheet date without unnecessary additional accosts or efforts.

When there are one or more events that have adverse effects on the expected future cash flows of a financial asset, the financial asset is credit-impaired. When the Group no longer reasonably expects to collect all or part of the contractual cash flows of the financial asset, the Group directly writes down the carrying amount of the financial assets.

Financial guarantee contracts

A financial guarantee contract is a contract by which the issuer pays a specified amount to a contract holder who has suffered a loss when the specific debtor fails to pay the debt when due in accordance with terms of the debt instrument. Financial guarantee contracts are measured at fair value at initial recognition. Except for the financial guarantee contracts that are designated as financial liabilities at fair value through profit and loss, the other financial guarantee contracts are subsequently measured after initial recognition according to the amount of expected credit loss allowance determined on the balance sheet date and the balance of the initial recognition amount after deducting the accumulated amortisation amount recognised according to the revenue recognition principle, whichever is higher.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(continued)*

10. Inventories

The Group's inventories include finished goods, and are initially carried at cost. Cost of inventories comprises all costs of purchase. The actual cost of inventories transferred out is assigned by using weighted average method.

Inventories are accounted for using the perpetual inventory system.

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the cost of inventories is higher than the net realisable value, a provision for decline in value of inventories is recognised in profit or loss. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale and relevant taxes. The provision for decline in value of inventories is made on a category basis.

11. Non-current assets held for sale

A non-current asset is classified as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuous use. Non-current assets or disposal groups are classified as held for sale only when the following conditions are satisfied: according to the practice of disposing this type of assets in similar transactions, the non-current asset or disposal group is available for immediate sale in its present condition; the sale will likely occur as the enterprise has made a resolution in respect of a disposal plan and obtained a firm purchase commitment, and the sale is expected to be completed within one year (and approval has been obtained by the enterprise where approval of the sale is required from relevant competent authorities or regulatory bodies in accordance with relevant regulations). If sale of any investment in a subsidiary will result in the loss of control over the respective subsidiary, whether or not any part of the equity investments is retained after the sale, the investment in subsidiary is classified as held for sale in the respective financial statements, and all assets and liabilities of the subsidiary shall be classified as held for sale in the consolidated financial statements.

For a non-current asset classified as held for sale (other than financial assets and deferred tax assets), its carrying amount is written down to its fair value less costs to sell if its carrying amount is higher than its fair value less costs to sell. The reduced amount is recognised as asset impairment loss and charged to current profit or loss, with provision made for the impairment of the held-for-sale assets. No depreciation or amortisation is provided for a non-current asset in the non-current assets held for sale, nor is it accounted for using the equity method.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(continued)*

12. Long-term equity investments

Long-term equity investments consist of equity investments in subsidiaries, a joint venture and associates.

A long-term equity investment is initially measured at its initial investment cost on acquisition. For a long-term equity investment acquired through business combination involving entities under common control, the initial investment cost of the long-term equity investment is the carrying amount of the absorbing party's share of the owner's equity of the party being absorbed on the consolidated financial statements of the ultimate controller. The difference between the initial investment cost and the carrying amount of the consideration paid for the combination shall be adjusted against capital reserve (where the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings). For a long-term equity investment acquired through business combination not involving enterprises under common control, the combination cost is taken as the initial investment cost. The combination cost includes the sum of the assets paid by the purchaser, the liabilities incurred or assumed, and the fair value of the issued equity securities. For other comprehensive income held before the combination date, the same basis as direct disposal of the related assets or liabilities of the investment is adopted when the investments are disposed of. Shareholders' equity recognised as a result of changes in shareholders' equity other than net profit or loss, other comprehensive income and profit distribution of the investee is transferred to the profit or loss for the period when the investment is disposed of, among which, after the disposal, the long-term equity investments will still be transferred in proportion, and if it is converted into financial instruments after the disposal, it will be transferred in full. In addition to the long-term equity investments acquired by the long-term investment formed by business combination, the initial investment cost is determined according to the following methods: if acquired by cash payment, the actual purchase price and the expenses, taxes and other required expenditures directly related to the long-term equity investment will be taken as the initial investment cost; if acquired through issuing equity securities, the fair value of the issued equity instruments will be taken as the initial investment cost.

For a long-term equity investment where the Company can exercise control over the investee, the long-term equity investment is accounted for using the cost method in the Company's separate financial statements. Control refers to having the power over the investee, the entitlement to variable returns through the participation in the relevant activities of the investee, and the ability to affect the amount of returns by using its power over the investee.

Under the cost method, the long-term equity investment is measured at its initial investment cost. If investment is increased or withdrawn, the cost of long-term equity investment shall be adjusted. Cash dividends or profit distributions declared by the investee are recognised as investment income for the current period.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(continued)*

12. Long-term equity investments *(continued)*

The equity method is adopted when the Group holds joint control, or exercises significant influence on the investee. Joint control is the relevant agreed sharing of control over an arrangement, and relevant activities of such arrangement shall be decided upon the unanimous consent of the parties sharing control. Significant influence is the power to participate in decision making of the financial and operating policies of the investee, but without the power to control or jointly control with other parties the formulation of those policies.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, long-term equity investment is measured at the initial investment cost. Where the initial investment cost is less than the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference is charged to profit or loss for the current period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognises, upon acquisition of the long-term equity investment, its share of the net profits or losses and other comprehensive income made by the investee as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. The Group recognises its share of the investee's net profits or losses after making appropriate adjustments to the investee's net profits or losses, except for those from dispensing or selling businesses constituted by assets, based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods, and eliminating the portion of the profits or losses arising from internal transactions with its associates and joint ventures, attributable to the investing party according to its entitled ratio (but asset impairment losses arising from internal transactions shall be recognised in full). The carrying amount of the investment is reduced based on the Group's share of any profit distributions or cash dividends declared by the investee. The Group's share of net losses of the investee is recognised to the extent the carrying amount of the investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero, except that the Group has incurred obligations to assume additional losses. The Group adjusts the carrying amount of the long-term equity investment for any changes in shareholders' equity of the investee (other than net profit or loss, other comprehensive income and profit distributions) and includes the corresponding adjustments in the shareholders' equity.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(continued)*

12. Long-term equity investments *(continued)*

On disposal of a long-term equity investment, the difference between the carrying amount of the investment and the sales proceeds actually received is recognised in profit or loss for the current period. For long-term equity investments accounted for using the equity method, where the equity method is no longer adopted, the relevant other comprehensive income previously accounted for using the equity method is accounted for on the same basis as that used to account for direct disposal of such assets or liabilities by the investee, and shareholders' equity recognised as a result of changes in other shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit distribution is transferred to profit or loss in full for the current period; where the equity method is still adopted, the relevant other comprehensive income previously accounted for using the equity method is accounted for on the same basis as that used to account for direct disposal of such assets or liabilities by the investee and transferred to profit or loss in proportion for the current period, and shareholders' equity recognised as a result of changes in other shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit distribution is transferred to profit or loss in corresponding proportion for the current period.

13. Fixed assets

A fixed asset is recognised only when the economic benefits associated with the asset will probably flow into the Group and the cost of the asset can be measured reliably. Subsequent expenditure incurred for a fixed asset that meets the recognition criteria shall be included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced shall be derecognised. Otherwise, such expenditures are recognised in profit or loss as incurred.

Fixed assets are initially measured at cost. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any directly attributable expenditure for bringing the asset to working condition for its intended use.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

13. Fixed assets (continued)

Depreciation is calculated using the straight-line method. The useful lives, estimated residual value rates and annual depreciation rates of each category of fixed assets are as follows:

	Useful life	Estimated net residual rate	Annual depreciation rate
Buildings	10-40 years	5%	2.38%-9.50%
Security facilities	5-15 years	5%	6.33%-19.00%
Supervising equipment and others	5-15 years	5%	6.33%-19.00%
Toll collection facilities	3-10 years	5%	9.50%-31.67%
Petrol and gas station facilities	3-12 years	5%	7.92%-31.67%
Motor vehicles	5-10 years	5%	9.50%-19.00%

The Group reviews the useful life, estimated net residual value of a fixed asset, and the depreciation method applied at least at each year end, and makes adjustments if necessary.

14. Construction in progress

The cost of construction in progress is determined according to the actual expenditure for the construction, including all necessary construction expenditure incurred during the construction period, borrowing costs that should be capitalised before the construction is ready for its intended use and other relevant expenses.

Construction in progress is transferred to fixed assets when the asset is ready for its intended use.

15. Borrowing costs

All the borrowing costs that are directly attributable to construction of all qualifying assets are capitalised and other borrowing costs are recognised as an expense in profit or loss. A qualifying asset is defined as a fixed asset and intangible asset that necessarily takes a substantial period of time to get ready for its intended use.

The capitalisation of borrowing costs commences only when all of the following conditions are satisfied:

- (1) Expenditures for the assets are incurred;
- (2) Borrowing costs are incurred; and
- (3) Activities that are necessary to acquire or construct the asset for its intended use have been undertaken.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(continued)*

15. Borrowing costs *(continued)*

Capitalisation of borrowing costs ceases when the qualifying asset being acquired or constructed gets ready for its intended use. Any borrowing costs subsequently incurred are recognised in profit or loss.

Within the capitalisation period, the amounts of capitalised borrowing costs for each accounting period are determined by the following methods:

- (1) For specific borrowings, the borrowing costs eligible for capitalisation are the actual interest expenses incurred during the current period after deducting any temporary interest or investment income;
- (2) For general borrowings, the borrowing costs eligible for capitalisation are determined by multiplying the weighted average of capital expenditure that exceeds the specific borrowings and weighted average interest rate of the general borrowings.

Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of a qualifying asset is suspended abnormally by activities other than those necessary to get the asset ready for its intended use, and when the suspension is for a continuous period of more than 3 months. Borrowing costs incurred during these periods are recognised as an expense in profit or loss until the acquisition or construction is resumed.

16. Right-of-use assets

The Group's right-of-use assets primarily consist of buildings and land use rights obtained by way of lease.

On the commencement date of the lease term, the Group recognises its right to use the leased asset over the lease term as the right-of-use asset which is initially measured at cost, including: the initial measurement amount of the lease liability; the payment on or before the commencement date of the lease term, the amount of the lease payment if there is a lease incentive, deducting the relevant amount of the lease incentives already enjoyed; the initial direct expenses incurred by the lessee; the cost expected to be incurred by the lessee to dismantle and remove the leased assets, restore the site where the leased assets are located at or recover the leased assets to the status as agreed in the lease terms. The Group adjusts the carrying amount of the right-of-use assets accordingly when re-measuring the lease liabilities as a result of the change in the amount of lease payment. The Group's subsequent years of averaging method is used to depreciate the right-of-use assets. If it is reasonable to determine the ownership of the leased asset at the expiration of the lease term, the Group will depreciate the remaining useful life of the leased asset. If it is not reasonable to determine that the leasehold asset can be acquired at the expiration of the lease term, the Group depreciates during the shorter period between the lease term and the remaining useful life of the leased asset.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

17. Intangible assets

An intangible asset shall be recognised only when it is probable that the economic benefits associated with the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. However, intangible assets acquired in a business combination not involving entities under common control with a fair value that can be measured reliably are recognised separately as intangible assets and measured at fair value at the date of acquisition.

The useful life of an intangible asset is determined according to the period over which it is expected to generate economic benefits for the Group. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

The amortisation period of the intangible assets are as follows:

	Amortisation period
Land use rights	40 years
Service concession rights	25.5-30 years
Software	5 years

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

17. Intangible assets (continued)

Particulars of the expressways managed and operated by the Group as of 31 December 2022 are as follows:

Toll expressway	Origin/ destination	Length (km)	Service concession period	Term of the service concession rights
Chengguan Expressway	Chengdu Hi-Tech Zone/Dujiangyan	40.44	July 2000 – July 2030	30 years
Chengpeng Expressway	Xindu District, Chengdu/ Pengzhou	21.32	November 2004 – October 2033	29 years
Chengwenqiong Expressway	Qingyang District, Chengdu/Qionglai	65.60	January 2005 – January 2035	30 years
Chengdu Airport Expressway	Chengdu South Railway Station Viauct/Chengdu Shuangliu Airport Terminal T1	11.98	July 1999 – December 2024	25.5 years
Qiongming Expressway	Qionglai/Mingshan	52.68	November 2010 – November 2038	28 years

Land use rights that are acquired by the Group through grant, assignment or transfer are generally accounted for as intangible assets. Buildings, such as plants that are developed and constructed by the Group, and relevant land use rights, are accounted for as intangible assets and fixed assets, respectively.

Service concession rights of expressways represent the rights granted by the government to the Group to participate in expressway construction, and to provide follow-up business services and charge the public for certain periods. Upon maturity of service concession rights, the initial construction cost of the roads and fixtures and related land use rights required to be returned to the government by the Group is accounted for as the cost of the service concession rights. The amortisation method of service concession rights of expressways is the traffic flow method, that is, the amortisation is calculated according to the ratio of the actual traffic flow in a specific period to the sum of actual traffic flow in a specific period and predicted total traffic flow within the remaining period of expressways. Expenses incurred by the service concession rights in subsequent periods that are qualified to be recognised as intangible assets will be capitalised as the incremental cost of service concession rights.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(continued)*

17. Intangible assets *(continued)*

An intangible asset with a finite useful life except for service concession rights is amortised using the straight-line method over its useful life. For an intangible asset with a finite useful life, the Group reviews the useful life and the amortisation method at least at each year end and makes adjustment if necessary.

18. Impairment of assets

The Group determines the impairment of assets, other than the impairment of inventories, deferred tax assets, financial assets and assets held for trading, using the following methods: The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs impairment testing. Goodwill arising from a business combination and intangible assets not yet ready for intended use is tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The Group estimates the recoverable amount on an individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount by the Group. The reduction in carrying amount is treated as an impairment loss and recognised in profit or loss. A provision for impairment loss of the asset is recognised accordingly.

For the purpose of impairment testing, the carrying amount of goodwill acquired in a business combination is allocated from the acquisition date on a reasonable basis, to each of the related asset groups; if it is impossible to allocate to the related asset groups, it is allocated to each of the related sets of asset groups. Each of the related asset groups or sets of asset groups is an asset group or set of asset group that is able to benefit from the synergies of the business combination and shall not be larger than a reportable segment determined by the Group.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

18. Impairment of assets (continued)

In testing an asset group or a set of asset groups to which goodwill has been allocated for impairment, if there is any indication of impairment, the Group firstly tests the asset group or set of asset groups excluding the amount of goodwill allocated for impairment, compares the recoverable amount with the carrying amount and recognises impairment loss if any. After that, the Group tests the asset group or set of asset groups including goodwill for impairment. The carrying amount (including the portion of the carrying amount of goodwill allocated) of the related asset group or set of asset groups is compared to its recoverable amount. If the carrying amount of the asset group or set of asset groups is higher than its recoverable amount, the amount of the impairment loss shall firstly charge against the carrying amount of the goodwill allocated to the asset group or set of asset groups, and then charge against the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, on a pro rata basis of the carrying amount of each asset.

Once the above impairment loss is recognised, it cannot be reversed in the subsequent accounting periods.

19. Long-term prepaid expenses

Long-term prepaid expenses are amortised using the straight-line method over the following periods:

	Amortisation period
Improvements of right-of-use assets	2.5-5 years
Others	3 years

20. Employee benefits

Employee benefits are all forms of considerations given by an entity in exchange for services rendered by employees or for the termination of employment. Employee benefits include short-term employee benefits, post-employment benefits and termination benefits. Benefits given by the Group to an employee' spouses, children, dependents, and families of deceased employees and other beneficiaries are also employee benefits.

Short-term benefits

In the accounting period in which services are rendered by employees, the actual amount of short-term benefits incurred is recognised as liabilities and charged to profit or loss for the current period or cost of underlying assets.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(continued)*

20. Employee benefits *(continued)*

Post-employment benefits (defined contribution plan)

Employees of the Group participate in the endowment insurance and unemployment insurance plans managed by local governments as well as enterprise annuity, and the relevant expenditure is recognised, when incurred, in the cost of relevant asset or profit or loss for the current period.

Termination benefits

The Group recognises a liability and expenses for termination benefits at the earlier of the following dates in profit or loss: a) when the Group can no longer withdraw the offer of those benefits; and b) when the Group recognises costs for a restructuring and involves the payment of termination costs.

21. Lease liabilities

On the commencement date of the lease term, the Group recognises the present value of the lease payments that have not been paid as lease liabilities, except for short-term leases and low-value asset leases. Lease payments include fixed payment amount and actual fixed payment amount after deducting relevant amount of lease incentive, variable lease payments depending on index or ratio, the amount expected to be paid according to the guaranteed residual value as well as the exercise price of the purchase option and the payment required to exercise the option to terminate the lease, provided the Group reasonably determines that the option will be exercised or the lease term reflects that the Group will exercise the option to terminate the lease.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(continued)*

21. Lease liabilities *(continued)*

In calculating the present value of the lease payments, the Group uses the leased interest rate as the discount rate; if the interest rate of the lease cannot be determined, the lessee's incremental borrowing rate is used as the discount rate. The Group calculates the interest expense of the lease liability for each period of the lease term based on the fixed periodic interest rate and recognises it in profit or loss for the current period, unless otherwise specified in the cost of relevant asset. The variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss when incurred, unless otherwise specified in the cost of relevant asset.

After the commencement date of the lease period, the Group increases the carrying amount of lease liabilities when recognising interests and decreases the carrying amount of lease liabilities when paying lease payments. When the actual fixed payment amount changes, the expected amount of the guarantee residual value changes, the index or ratio used to determine the lease payment amount changes, or the evaluation results or actual exercise of rights of the purchase option, the renewal option or the termination option change, the Group re-measures the lease liability based on the present value of the changed lease payments.

22. Provisions

Except for contingent consideration transferred and contingent liability assumed in business combinations not involving entities under common control, the Group recognises an obligation related to a contingency as a provision when all of the following conditions are satisfied:

- (1) the obligation is a present obligation of the Group;
- (2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation; and
- (3) a reliable estimate can be made of the amount of the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, with comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of a provision is reviewed on each balance sheet date. If there is clear evidence that the carrying amount of a provision does not reflect the current best estimate, the carrying amount is adjusted to the current best estimate.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(continued)*

22. Provisions *(continued)*

During the concession period, the Group is required to provide maintenance and resurfacing services according to the requirements of the grantor of concession rights, while the standards and specific time of maintenance and resurfacing shall be determined by the grantor of concession rights based on the actual urban economic development and changes in subsequent laws and regulations. In actual practice, the Group needs to provide further services according to the changes of subsequent laws and regulations and the maintenance plans and standards approved by the government. Therefore, it is impossible to reasonably estimate the cost of providing maintenance and resurfacing services in the future at the initial stage of obtaining the concession rights, and the above expenses are included in the cost of principal business for the current period when they are actually incurred.

23. Revenue from contracts with customers

Revenue from contracts with customers is recognised when the Group has fulfilled its performance obligations in the contracts, that is, when the customer obtains control of relevant goods or services. Control of relevant goods or services refers to the ability to direct the use of the goods, or the provision of the services, and obtain substantially all of the remaining benefits from the goods or services.

- (1) The Group's toll income from the operations of expressways is recognised when the related services have been provided, and revenue and total costs can be measured reliably and economic benefits with transactions can flow to the Group. In particular, toll income is recognised at the amount received or receivable incurred upon pass-through;
- (2) The Group's income from energy segment mainly includes the sales of refined oil products at gas stations and income from convenience stores, and the income is recognised when the Group's performance obligations have been completed and the control of corresponding commodities has been transferred to customers;
- (3) To derive income from operation and management services, the Group shall fulfill its performance obligations in the period of providing operation and management services, and revenue is recognised by stage during such period;
- (4) The Group recognises revenue for its maintenance business when it fulfills its performance obligations and the economic benefits arising from the transactions can flow into the Group.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(continued)*

23. Revenue from contracts with customers *(continued)*

Variable consideration

There exist performance assessment arrangements under certain contracts between the Group and its customers, which results in a variable consideration. The Group determines the best estimate amount of the variable consideration based on the expected value or the most likely amount, but the transaction price including the variable consideration does not exceed the amount that the accumulated and recognised revenue is likely not to be significantly reversed when the relevant uncertainty is eliminated.

Principal/agent

The Group determines whether the Group is a principal or an agent when engaging in a transaction based on whether it has control over the goods or services before transferring them to the customer. If the Group has the right to independently determine the prices at which the goods or services are transacted, that is, the Group is able to control the goods or services before transferring them to the customer, the Group is the principal and recognises revenue based on the total consideration received or receivable; otherwise, the Group is the agent and recognises revenue based on the amount of the commission or fee it expects to be entitled to receive, which should be determined as the net amount of the total consideration received or receivable less amounts payable to other related parties, or based on the pre-determined amount or proportion of the commission. The Group acts as a principal in wholesale of asphalt and certain diesel oil and recognises revenue therefrom on a net basis.

24. Contract liabilities

The Group presents contract liabilities in the balance sheet based on the relationship between the fulfillment of performance obligations and customer payments.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration or an amount of consideration is due from the customer, such as an amount of consideration that an entity has received before the transfer of the promised goods or services.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(continued)*

25. Government grants

Government grant is recognised when the Group can comply with the conditions attached to it and it can be received. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value; if fair value is not reliably determinable, it is measured at a nominal amount.

Asset-related government grants are recognised when the government document designates that the government grants are used for constructing or forming long-term assets. If the government document is inexplicit, the Company should make a judgement based on the basic conditions to obtain the government grants, and recognises them as asset-related government grants if the conditions are to form long-term assets through construction or other method. Otherwise, the government grants should be income-related.

Government grants relating to income which are used to compensate relevant costs, expenses or losses in subsequent periods are recognised as deferred income and are offset against the related costs or expenses in the current period where relevant costs, expenses or losses are recognised; those used to compensate relevant costs, expenses or losses in the current period are directly offset against the related costs or expenses.

A government grant related to an asset shall offset the carrying amounts of relevant assets.

26. Deferred tax

For temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, and temporary differences between the carrying amounts and the tax bases of items, the tax bases of which can be determined according to related tax laws for tax purposes but which have not been recognised as assets and liabilities, deferred taxes are provided using the balance sheet liability method.

A deferred tax liability is recognised for all taxable temporary differences, except:

- (1) Where the taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction which contains both of the following characteristics: the transaction is not a business combination; and at the time of the transaction, it affects neither accounting profit nor taxable profit or deductible loss;
- (2) In respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(continued)*

26. Deferred tax *(continued)*

A deferred tax asset is recognised in respect of all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference will be utilised except those arising from the initial recognition of an asset or liability in a transaction which:

- (1) is not a business combination, and at the time of the transaction, affects neither accounting profit nor deductible losses; and
- (2) as to deductible temporary differences associated with subsidiaries, joint ventures and associates: a deferred tax asset is recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future, and taxable profit will be available against which the temporary difference can be utilised.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, according to the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the balance sheet date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(continued)*

27. Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of one or multiple identified asset for a period of time in exchange for consideration.

As lessee

Save for short-term lease and low-value asset lease, the Group recognises right-of-use assets and lease liabilities for leases. Relevant accounting treatment is set out in Note III.16 and Note III.21.

Short-term lease and low-value lease

The Group will, on the commencement date of the lease term, recognise lease with a lease term not more than 12 months and lease that does not include the purchase option as a short-term lease; and recognise lease of not more than RMB35,000 when the single leased asset is a new asset as a low value asset lease. The Group does not recognise the right-of-use assets and lease liabilities for short-term leases such as buildings and low-value leases such as trees and flowers, which are included in the related asset cost or current profit or loss on a straight-line basis over the lease term.

As lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, except that a lease is classified as an operating lease at the inception date.

As lessor of an operating lease

Rent income under an operating lease is recognised on a straight-line basis over the lease term, through profit or loss. Variable lease payments that are not included in the measurement of lease receivables are charged to profit or loss as incurred. The initial direct costs are capitalised and amortised over the lease term on the same basis as rental income is recognised, and recognised in profit or loss in the current period.

28. Profit distribution

Cash dividend of the Company is recognised as a liability upon being approved at the shareholders' general meeting.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(continued)*

29. Safety production funds

Safety production funds provided according to the regulations are included in costs of related products or profit or loss, and credited to the specialised reserves. They are treated differently when being utilised: the specialised reserves are offset against for those attributable to the expense nature; the cumulative expenditures are recognised as a fixed asset for those attributable to the fixed asset nature when the working condition for the intended use is reached, and at the same time, specialised reserves are offset against the full depreciation of the fixed asset, at the same amount.

30. Fair value measurement

The Group measures other non-current financial assets at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For the assets and liabilities measured or disclosed at fair value in the financial statements, the lowest level input that is significantly meaningful to the entire fair value measurement will be used to confirm the fair value hierarchy level: Level 1 input value is the quoted price (unadjusted) obtained in an active market for the same asset or liability on the measurement date. Level 2 input value is the direct or indirect observable input value for the relevant asset or liability other than the Level 1 input value. Level 3 input value is the unobservable input value for the relevant asset or liability.

For assets or liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation on each balance sheet date.

31. Significant accounting estimates

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

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are described below.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(continued)*

31. Significant accounting estimates *(continued)*

Estimation uncertainty (continued)

Impairment of financial instruments

The Group uses the expected credit loss model to assess the impairment of financial instruments. The Group is required to perform significant judgement and estimation and take into account all reasonable and supportable information, including forward-looking information. When making such judgements and estimates, the Group infers the expected changes in the debtor's credit risk based on the historical repayment data in combination with economic policies, macroeconomic indicators, and industry risks. The different estimates may impact the impairment assessment, and the provision for impairment may also not be representative of the actual impairment loss in the future.

Impairment of non-current assets other than financial assets (other than goodwill)

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

Impairment of goodwill

The Group carries out tests for impairment of goodwill on an annual basis, which entails estimation of the present value of future cash flows of the asset groups or sets of asset groups to which goodwill is allocated. When estimating the present value of future cash flows, the Group needs to estimate the cash flows generated by the future asset groups or sets of asset groups, and select the appropriate discount rate to determine the present value of future cash flows. For details, please refer to Note V.14.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(continued)*

31. Significant accounting estimates *(continued)*

Estimation uncertainty (continued)

Amortisation of service concession rights

The amortisation of service concession rights is calculated under the traffic flow method, whereby the amortisation is provided based on the share of actual traffic volume in a particular period over the sum of the actual traffic volume and projected total traffic volume throughout the remaining periods for which the Group is granted to operate those service concession rights. The projected total traffic volume over the remaining concession periods could change significantly. The Group reviews regularly the projected total traffic volume throughout the operating periods of the respective service concession rights. In case of significant differences and such differences to subsist, the Group will engage professional institutions to perform independent professional traffic studies and make appropriate adjustments.

Recognition of expressway maintenance and resurfacing obligations

The maintenance and resurfacing obligations of the expressways are recognised when: the Group has a present obligation; fulfilling the obligation will probably lead to the outflow of economic benefits; and the amount of the obligation can be measured reliably. The outflow of economic benefits probably to result from the performance of such obligation is determined according to the number of major maintenance and resurfacing operations and the expected cost of the Group during the operation of expressways with concession rights. During the concession period, the Group is required to provide maintenance and resurfacing services according to the requirements of the grantor of concession rights, while the standards and specific time of maintenance and resurfacing shall be determined by the grantor of concession rights based on the actual urban economic development and changes in subsequent laws and regulations. In actual practice, the Group needs to provide further services according to the changes of subsequent laws and regulations and the maintenance plans and standards approved by the government. Therefore, it is impossible to reasonably estimate the cost of providing maintenance and resurfacing services in the future at the initial stage of obtaining the concession rights, and the above expenses are included in the cost of principal business for the current period when they are actually incurred.

Deferred tax assets

Deferred tax assets are recognised for all unused deductible tax losses to the extent that it is probable that taxable profit will be available against which the deductible tax losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (continued)

31. Significant accounting estimates (continued)

Estimation uncertainty (continued)

Fair value of unlisted equity investment

The Group determines the fair value of unlisted equity investments using market method. This requires the Group to identify comparable listed companies, select market multiples and estimate liquidity discounts and is therefore uncertain. For assessment of fair values of unlisted equity investment, please refer to Note VIII.2.

Incremental borrowing rate of lessee

For leases where the implicit interest rate in the lease cannot be determined, the Group uses the lessee's incremental borrowing rate as the discount rate to calculate the present value of the lease payments. In determining the incremental borrowing rate, the Group uses observable interest rates as a reference for determining the incremental borrowing rate based on the economic environment in which it operates. On this basis, the reference rate is adjusted to calculate the applicable incremental borrowing rate based on the specific circumstances of the leasing business, including its own circumstances, the subject assets, the lease term and the amount of the lease liabilities.

IV. TAXES

1. Major taxes and respective tax rates

Value-added tax (VAT)	–	VAT is levied at the simplified rate of 3% for toll income and traffic volume compensation for operation suspension at a toll station, 13% output tax for income from sales of oil products, goods in convenience stores and commodities, 6% output tax for operation and management services, 9% or 5% output tax for other income such as maintenance and rental income with VAT levied based on the amount arrived at after deducting the input tax qualified to be deductible for the current period; and 3% of taxable income for small-sized taxpayers.
City maintenance and construction tax	–	It is levied at 7% on the turnover taxes paid.
Corporate income tax	–	Corporate income tax is levied at 15%, 20% and 25% on the taxable profit.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

IV. TAXES (continued)

2. Tax concessions

Pursuant to the Circular of Extending the Period of Western Development Strategies Preferential Tax Rate (circular of the Ministry of Finance, State Taxation Administration and National Development and Reform Commission [2020] No. 23) (《關於延續西部大開發企業所得稅政策的公告》(財政部、稅務總局、國家發展改革委公告2020年第23號)), commencing from 1 January 2021 until 31 December 2030, enterprises falling in the encouraged industries domiciled in western China may enjoy a reduced corporate income tax rate at 15%. Enterprises falling in the encouraged industries shall be principally engaged in businesses listed in the Catalogue of Encouraged Industries in the Western Region, and shall derive more than 60% of the revenue from principal businesses.

The Company and its subsidiaries, including Chengdu Chengpeng Expressway Co., Ltd. ("Chengpeng Expressway Company"), Chengdu Chengwenqiong Expressway Co., Ltd. ("Chengwenqiong Expressway Company"), Chengdu Airport Expressway Co., Ltd. ("Chengdu Airport Expressway Company"), Sichuan Chengming Expressway Co., Ltd. ("Chengming Expressway Company") and Chengdu Expressway Operation Management Co., Ltd. ("Operation Company") were qualified for the tax preferential policies in the grand development of China's Western region in 2022 and therefore shall pay corporate income tax at the preferential tax rate of 15%.

Pursuant to the Notice of the Ministry of Finance and the State Taxation Administration on Implementation of the Preferential Income Tax Policies for Small and Micro Enterprises and Individual Business Owners (notice of the Ministry of Finance and the State Taxation Administration 2021 No. 12) (《關於實施小微企業和個體工商戶所得稅優惠政策的公告》(財政部、稅務總局公告2021年第12號)) issued in April 2021, Chengdu Communications Investment Energy Operation and Management Co., Ltd. ("Energy Operation"), a subsidiary of the Company, was qualified for the inclusive preferential income tax policies for small low-profit enterprises in 2021, and therefore shall pay corporate income tax at the preferential tax rate of 20%. Energy Operation was no longer qualified as a small low-profit enterprise in 2022, and it shall pay corporate income tax at the rate of 25%.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Currency funds

	31 December 2022	31 December 2021
Cash on hand	119,825	143,880
Bank deposits	1,872,662,639	1,870,893,721
Other currency funds	16,557,896	16,313,779
	1,889,340,360	1,887,351,380

Including:

Total restricted amount due to mortgages, pledges or freezes	15,269,400	15,269,400
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As at 31 December 2022, currency funds of the Group deposited overseas were RMB14,055,797 (31 December 2021: RMB13,456,683).

Current deposits placed in banks earned interest income at the respective interest rates of current deposits offered by the relevant banks. Short-term time deposits were placed for a term ranging from seven days to 12 months depending on the cash requirements of the Group, and earned interest income at the respective interest rates of term deposits offered by banks.

2. Accounts receivable

Credit period of accounts receivable generally ranges from one to three months. Accounts receivable are non-interest-bearing.

An ageing analysis of accounts receivable based on the invoice dates is as follows:

	31 December 2022	31 December 2021
Within 1 year	119,527,397	97,702,894
1 to 2 years	52,789,134	16,646,731
2 to 3 years	16,401,006	32,411,717
Over 3 years	22,411,100	418,813
	211,128,637	147,180,155
Less: Provision for bad debts of accounts receivable	3,681,344	2,465,455
	207,447,293	144,714,700

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Accounts receivable (continued)

As at 31 December 2022, RMB188,449,854 (31 December 2021: RMB114,807,958) out of the Group's accounts receivable represented toll batch payment receivable by Chengwenqiong Expressway Company from district or county-level governments along the Chengwenqiong Expressway. In 2017, Chengwenqiong Expressway Company entered into the Agreement on Toll Batch Payment of Chengdu-registered Vehicles Travelling Through Chengwenqiong Expressway (the "Batch Payment Agreement") with Wenjiang District People's Government, Chongzhou Municipal People's Government, Dayi County People's Government and Qionglai Municipal People's Government, pursuant to which, commencing from 1 July 2017, toll batch payment shall be settled by the above district or county-level governments to Chengwenqiong Expressway Company for Chengdu-registered vehicles with plate numbers starting with Chuan A or Chuan O (excluding freight vehicles) travelling through Chengwenqiong Expressway. Monthly toll batch payment shall be subject to the actual traffic volume of Chengdu-registered vehicles of a given month and 70% of toll collection standards for each vehicle. The credit period of batch payment receivable under the above Batch Payment Agreement with district or county-level governments ranges from one to three months.

	2022				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision made on an individual basis	19,005,194	9.00	7,755	0.04	
Provision made on a collective basis using portfolios with similar credit risk features	192,123,443	91.00	3,673,589	1.91	188,449,854
	211,128,637	100.00	3,681,344		207,447,293

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Accounts receivable (continued)

	2021				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision made on an individual basis	30,389,366	20.65	482,624	1.59	29,906,742
Provision made on a collective basis using portfolios with similar credit risk features	116,790,789	79.35	1,982,831	1.70	114,807,958
	147,180,155	100.00	2,465,455		144,714,700

As at 31 December 2022, accounts receivable with provision made on an individual basis are set out below:

	Book balance	Bad debt provision	Expected credit loss ratio	Reason for provision
Sichuan Intelligent Transportation Systems Management Co., Ltd. (四川智能交通系統管理有限責任公司) (“Sichuan Intelligent”)	16,504,914	–	–	Note
Chengdu Xinhua Petrol Station (成都市新華加油站) (“Xinhua Petrol Station”)	861,737	–	–	Note
Chengdu Municipal Shiling Petrol Station (成都市市政十陵加油站) (“Shiling Petrol Station”)	854,654	–	–	Note
Chengdu Huamin Municipal Petrol Station (成都市華民市政加油站) (“Huamin Petrol Station”)	513,403	–	–	Note
Others	270,486	7,755	2.87%	Not expected to be recovered
	19,005,194	7,755		

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Accounts receivable (continued)

As at 31 December 2021, accounts receivable with provision made on an individual basis are set out below:

	Book balance	Bad debt provision	Expected credit loss ratio	Reason for provision
Sichuan Intelligent Chengdu Huaguan Industrial Co., Ltd. (成都華冠實業股份有限公司) (“Huaguan Industrial”)	29,393,584	–	–	Note
	474,458	474,458	100.00%	Not expected to be recovered
Others	521,324	8,166	1.57%	Not expected to be recovered
	30,389,366	482,624		

Note: Upon assessment by the management of the Group, toll income receivable from Sichuan Intelligent and sales amounts receivable from Huamin Petrol Station, Xinhua Petrol Station and Shiling Petrol Station are generally collected within one month. Therefore, the management did not provide bad debts on such amounts.

Accounts receivable with provision made on a collective basis using portfolios with similar credit risk features are set out below:

	2022		
	Book balance expected to default	Expected credit loss ratio (%)	Lifetime expected credit loss
Within 1 year	100,522,202	1.00	1,005,221
1 to 2 years	52,789,134	2.00	1,055,783
2 to 3 years	16,401,007	3.00	492,030
Over 3 years	22,411,100	5.00	1,120,555
	192,123,443		3,673,589

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Accounts receivable (continued)

	2021		
	Book balance expected to default	Expected credit loss ratio (%)	Lifetime expected credit loss
Within 1 year	67,978,682	1.00	679,786
1 to 2 years	16,401,007	2.00	328,020
2 to 3 years	32,276,508	3.00	968,295
Over 3 years	134,592	5.00	6,730
	116,790,789		1,982,831

Movements in bad debt provision of accounts receivable are as follows:

	Opening balance	Provision during the year	Reversal during the year	Closing balance
2022	2,465,455	1,755,258	(539,369)	3,681,344
2021	440,260	2,025,195	–	2,465,455

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Accounts receivable (continued)

Information of the top 5 debtors, closing balance of accounts receivable, proportion of the closing balance of accounts receivable and the closing balance of bad debt provided accordingly is set out below:

31 December 2022

	Closing balance	Bad debt provision	Proportion of the balance of accounts receivable (%)
Chongzhou Municipal People's Government	133,651,539	2,678,740	63.30
Dayi County People's Government	51,981,904	929,950	24.62
Sichuan Intelligent	16,504,914	–	7.82
Wenjiang District People's Government	6,490,000	64,900	3.07
Xinhua Petrol Station	861,737	–	0.41
	209,490,094	3,673,590	99.22

31 December 2021

	Closing balance	Bad debt provision	Proportion of the balance of accounts receivable (%)
Chongzhou Municipal People's Government	66,038,078	1,134,406	44.87
Dayi County People's Government	37,812,711	719,025	25.69
Sichuan Intelligent	29,393,584	–	19.97
Wenjiang District People's Government	12,940,000	129,400	8.79
Huaguan Industrial	474,458	474,458	0.33
	146,658,831	2,457,289	99.65

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Prepayments

An ageing analysis of prepayments is set out below:

	31 December 2022	31 December 2021
Within 1 year	55,812,449	43,331,550
1 to 2 years	962,411	–
	56,774,860	43,331,550

As at the balance sheet date, the management of the Group considered that there was no impairment risk for prepayments.

An analysis of prepayments to the top five counterparties is set out below:

The information of closing balance of prepayments and proportion of closing balance of prepayments as at 31 December 2022 is as follows:

	Closing balance	Proportion of the balance of prepayments (%)
PetroChina Company Limited (中國石油天然氣股份有限公司) (“PetroChina”)	53,370,324	94.00
State Grid Sichuan Electric Power Company (國網四川省電力公司)	1,010,071	1.78
Chengdu Pidun Transportation Bureau (成都市郫都區交通運輸局)	781,781	1.38
Sinopec Sales Company Limited (中國石化銷售股份有限公司)	467,457	0.82
Dujiangyan Transportation Bureau (都江堰市交通運輸局)	369,633	0.65
	55,999,266	98.63

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Prepayments (continued)

The information of closing balance of prepayments and proportion of closing balance of prepayments as at 31 December 2021 is as follows:

	Closing balance	Proportion of the balance of prepayments (%)
PetroChina	41,472,462	95.71
State Grid Sichuan Electric Power Company	1,005,546	2.32
Chengdu Communications Assets Management Co., Ltd. (成都交投資產經營管理有限公司) (“Communications Assets Management”)	313,644	0.72
Chengdu Transportation Junction Construction Management Co., Ltd. (成都交通樞紐場站建設管理有限 公司) (“Chengdu Transportation Junction”)	294,256	0.68
Sinopec Sales Company Limited	137,180	0.32
	43,223,088	99.75

4. Other receivables

	31 December 2022	31 December 2021
Dividend receivable	2,800,000	–
Interest receivable	10,504,622	7,395,939
Other receivables	39,461,432	52,297,610
	52,766,054	59,693,549

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Other receivables (continued)

Other receivables

An ageing analysis of other receivables is set out below:

	31 December 2022	31 December 2021
Within 1 year (inclusive)	12,007,561	50,389,218
1 to 2 years (inclusive of 2 years)	25,793,185	73,569
2 to 3 years (inclusive of 3 years)	60,970	1,534,865
Over 3 years	4,768,003	47,883,418
	42,629,719	99,881,070
Less: Provision for bad debts of other receivables	3,168,287	47,583,460
	39,461,432	52,297,610

A breakdown of other receivables by nature is set out below:

	31 December 2022	31 December 2021
Amounts with related parties	2,707,637	2,870,772
Amounts with third parties	–	45,750,912
Trade amounts (note)	24,290,111	45,137,139
Deposits	2,398,386	2,117,270
Traffic volume compensation for operation suspension at a toll station	8,919,064	–
Construction advance	–	481,827
Others	4,314,521	3,523,150
	42,629,719	99,881,070

Note: As at 31 December 2022 and 31 December 2021, trade amounts included in other receivables represented the amounts receivable by the Group as the agent from downstream customers in their trading activities of procuring diesel oil and asphalt for upper-stream suppliers, as well as the trading service fee.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Other receivables (continued)

Other receivables (continued)

Movements in the book balance and the respective bad debt provision recognised for the 12-month expected credit loss and the lifetime expected credit loss on other receivables are set out below:

31 December 2022

	Stage I		Stage II		Stage III		Subtotal	
	12-month expected credit loss		Lifetime expected credit loss		Credit-impaired financial assets (lifetime)		Book balance	Bad debt provision
	Book balance	Bad debt provision	Book balance	Bad debt provision	Book balance	Bad debt provision		
Opening balance	52,297,610	-	-	-	47,583,460	47,583,460	99,881,070	47,583,460
Opening balance transferred to stage II within the year	(45,137,139)	-	45,137,139	-	-	-	-	-
Increase during the year	29,969,998	-	2,235,188	1,102,746	283,990	283,990	32,489,176	1,386,736
Derecognition	(20,856,402)	-	(23,082,216)	-	(45,801,909)	(45,801,909)	(89,740,527)	(45,801,909)
Closing balance	16,274,067	-	24,290,111	1,102,746	2,065,541	2,065,541	42,629,719	3,168,287

31 December 2021

	Stage I		Stage III		Subtotal	
	12-month expected credit loss		Credit-impaired financial assets (lifetime)		Book balance	Bad debt provision
	Book balance	Bad debt provision	Book balance	Bad debt provision		
Opening balance	9,240,355	-	47,595,780	47,595,780	56,836,135	47,595,780
Increase during the year	50,389,218	-	-	-	50,389,218	-
Derecognition	(7,331,963)	-	(12,320)	(12,320)	(7,344,283)	(12,320)
Closing balance	52,297,610	-	47,583,460	47,583,460	99,881,070	47,583,460

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Other receivables (continued)

Other receivables (continued)

Movements of bad debt provided for other receivables are set out below:

	Opening balance	Provision during the year	Recovered during the year	Written-off during the year	Closing balance
2022	47,583,460	1,386,736	(45,750,912)	(50,997)	3,168,287
2021	47,595,780	-	-	(12,320)	47,583,460

In 2020, as there was a substantial impairment of the creditor's rights of third parties claimed over Huaguan Industrial, Chengdu Petroleum Corporation ("Chengdu Petroleum") and relevant parties in public auction, and Chengdu Petroleum was listed as a dishonest executee, the management of the Group considered that there was a significant increase in the credit risk of Chengdu Petroleum, and provided in full bad debt for RMB45,750,912 due from Chengdu Petroleum in an amount equal to lifetime expected credit loss.

In December 2022, as Yanchang Shell (Sichuan) Petroleum Co., Ltd. ("Yanchang Shell") which is a non-controlling shareholder of Chengdu Communications Investment Energy Development Co., Ltd. ("Communications Investment Energy"), a subsidiary of the Group, owed debts to Chengdu Petroleum, Yanchang Shell repaid in full the debts owed to Communications Investment Energy by Chengdu Petroleum to Communications Investment Energy of RMB45,750,912, and thus the Group reversed in full the corresponding bad debt provision.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Other receivables (continued)

Other receivables (continued)

Set out below are other receivables due from the top five debtors as at 31 December 2022:

	Closing balance	Proportion of the balance of other receivables (%)	Nature	Ageing	Closing balance of bad debt provision
Guocheng Group Co., Ltd. (國誠集團有限公司)	20,317,404	47.66	Trading amounts	1 to 2 years	904,111
Chengdu Xihui Investment Group Co., Ltd. (成都西匯 投資集團有限公司)	8,919,064	20.92	Traffic volume compensation for business suspension at a toll station	Within 1 year	-
CRCC Products Technology Co., Ltd. (中鐵建物產科 技有限公司) (previously known as China Railway 15th Bureau Group Materials Co., Ltd. (中鐵 十五局集團物資有限公司))	3,972,707	9.32	Trading amounts	1 to 2 years	198,635
Chengdu Qingbaijiang District Planning and Natural Resources Bureau (成都市青白江區規劃和自 然資源局)	1,532,539	3.60	Deposit	Over 3 years	-
Sichuan Tianfu Airport Expressway Co., Ltd. (四川 天府機場高速公路有限公 司)	1,451,292	3.40	Construction amounts receivable	1 to 2 years	-
	36,193,006	84.90			1,102,746

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Other receivables (continued)

Other receivables (continued)

Set out below are other receivables due from the top five debtors as at 31 December 2021:

	Closing balance	Proportion of the balance of other receivables (%)	Nature	Ageing	Closing balance of bad debt provision
Chengdu Petroleum	45,750,912	45.81	Amounts with third parties	Over 3 years	45,750,912
Guocheng Group Co., Ltd.	36,164,432	36.21	Trading amount	Within 1 year	–
China Railway 15th Bureau Group Materials Co., Ltd.	8,972,707	8.98	Trading amount	Within 1 year	–
Zhongyou Jieneng (Chengdu) Environmental Protection Technology Co., Ltd. (中油潔能(成都)環保科技有限公司) (“Zhongyou Jieneng”)	2,476,800	2.48	Amounts with a related party	Within 1 year	–
Chengdu Qingbaijiang District Planning and Natural Resources Bureau	1,532,539	1.53	Deposit	2 to 3 years	–
	94,897,390	95.01			45,750,912

5. Inventories

	31 December 2022	31 December 2021
Finished goods	17,322,330	46,134,548
Less: Provision for decline in value of inventories	–	–
	17,322,330	46,134,548

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other current assets

	31 December 2022	31 December 2021
Deductible input VAT	7,795,758	1,270,364
Listing commissions	5,115,698	–
Prepaid corporate income tax	887,850	–
	13,799,306	1,270,364

7. Long-term receivables

	31 December 2022	31 December 2021
Amounts due from related parties	–	2,150,000

On 28 November 2018, Chengdu Energy Development Co., Ltd. (“Energy Development Company”) entered into the loan agreement with Chengdu Jiuhe Oil Management Co., Ltd. (“Chengdu Jiuhe”), an associate, pursuant to which, Energy Development Company shall lend RMB2,150,000 to Chengdu Jiuhe in proportion to the former’s shareholding at an annual interest rate of 4.75% and to be repayable within three years. Energy Development Company and Chengdu Jiuhe entered into the loan extension agreement to extend the term of the loan to 27 November 2026. As of 31 December 2022, Chengdu Jiuhe had early repaid the loan.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Long-term equity investments

2022

	Movements during the year					Closing balance
	Opening balance	Additional investment	Investment income or loss under the equity method	Other equity changes	Cash dividend declared	
Joint venture						
Sinopec Chengdu Energy Co., Ltd. ("Sinopec Energy")	14,909,799	-	1,320,268	111,551	(1,096,267)	15,245,351
Associates						
Chengdu Chengbei Exit Expressway Co., Ltd. ("Chengbei Exit Expressway Company")	127,666,400	-	17,568,910	-	(19,548,963)	125,686,347
Zhongyou Jieneng	51,268,797	-	(2,506,446)	-	-	48,762,351
Chengdu Tongneng Compressed Natural Gas Co., Ltd. ("Chengdu Tongneng")	123,712,507	-	12,149,785	-	-	135,862,292
Chengdu Communications Investment New Energy Industrial Development Co., Ltd. ("New Energy Company") (note)	59,020,440	-	(7,769,042)	-	-	51,251,398
Chengdu Jiuhé	4,893,570	-	191,224	-	-	5,084,794
Chengdu Jiaoyun Compressed Natural Gas Development Co., Ltd. ("Chengdu Jiaoyun CNG")	6,422,578	-	457,106	-	(670,098)	6,209,586
Chengdu Teld New Energy Co., Ltd. ("Chengdu Teld")	-	60,979,131	4,063,667	-	-	65,042,798
	387,894,091	60,979,131	25,475,472	111,551	(21,315,328)	453,144,917

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Long-term equity investments (continued)

2021

	Opening balance	Additional investment	Movements during the year			Closing balance
			Investment income or loss under the equity method	Other equity changes	Cash dividend declared	
Joint ventures						
Sinopec Energy	13,350,050	-	1,621,842	(62,093)	-	14,909,799
New Energy Company ^(note)	-	60,000,000	(979,560)	-	-	59,020,440
Associates						
Chengbei Exit Expressway Company						
Company	118,218,264	-	21,114,718	-	(11,666,582)	127,666,400
Zhongyou Jieneng	48,539,799	-	2,728,998	-	-	51,268,797
Chengdu Tongneng	108,896,634	-	19,315,873	-	(4,500,000)	123,712,507
Chengdu Jiuhe	4,943,882	-	(50,312)	-	-	4,893,570
Chengdu Jiaoyun CNG	6,326,873	-	744,554	-	(648,849)	6,422,578
	300,275,502	60,000,000	44,496,113	(62,093)	(16,815,431)	387,894,091

Note: In July 2022, New Energy Company attracted a new shareholder, i.e. Chengdu Bus Asset Management Co., Ltd. (成都公交資產經營管理有限公司) ("Chengdu Bus") through capital increase. Following completion of the capital increase, pursuant to the new articles of association of New Energy Company, two parties, when acting in concert, may exercise joint control over New Energy Company. Therefore, the investment of the Group in New Energy Company no longer constituted a joint venture arrangement, and New Energy Company has been accounted for as an associate of the Group. For details, please refer to Note VI.3.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Other non-current financial assets

	31 December 2022	31 December 2021
Financial assets designated at fair value through profit or loss		
Shandong Huitong Financial Leasing Co., Ltd. (山東匯通金融租賃有限公司) (“Shandong Financial Leasing”)	74,390,000	–
Sichuan Intelligent	6,900,000	13,950,700
	81,290,000	13,950,700

As at 31 December 2022, the Group held 6.5% equity interests in Sichuan Intelligent, which represented strategic investment and was designated as financial assets at fair value through profit or loss by the management. In 2021, the Group recognised the dividend received from Sichuan Intelligent of RMB334,800 as investment income. In 2022, the Group recognised fair value loss of RMB7,050,700 (2021: nil) on the financial asset based on appraisal results.

On 21 June 2022, the Company and Chengdu Communications Investment Group Co., Ltd. (“Chengdu Communications Investment”), an indirect controlling shareholder of the Company, entered into the capital increase agreement with Shandong Financial Leasing and its shareholders, pursuant to which, the Company would make additional capital contribution of RMB70,000,000 to Shandong Financial Leasing to subscribe for RMB40,000,000 of its increased registered capital. On 27 October 2022, the capital increase was approved by China Banking and Insurance Regulatory Commission Shandong Office, upon which, the Company’s shareholding in Shandong Financial Leasing increased to 1.6%. The Company proposed to hold such equity interest for a long period, and designates it as financial asset at fair value through profit or loss. In December 2022, Shandong Financial Leasing resolved at its general meeting to declare dividend, and the Group recognised dividend receivable and investment income of RMB2,800,000 based on its shareholding. As of the end of 2022, the Group recognised fair value gain of RMB4,390,000 on the financial asset based on the appraisal results.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Fixed assets

2022

	Buildings	Security facilities	Supervising equipment and others	Petrol and gas station facilities	Toll collection facilities	Motor vehicles	Total
Cost							
Opening balance	122,643,368	230,241,284	186,017,358	32,681,576	270,196,113	33,542,381	875,322,080
Purchase	-	-	874,686	87,434	3,634,535	7,474,841	12,071,496
Transferred from construction in progress	1,410,917	-	9,134,300	6,414,962	-	-	16,960,179
Disposal or scrap	-	-	(915,981)	-	-	(5,592,224)	(6,508,205)
Other decrease	-	-	-	-	(5,534,398)	-	(5,534,398)
Closing balance	124,054,285	230,241,284	195,110,363	39,183,972	268,296,250	35,424,998	892,311,152
Accumulated depreciation							
Opening balance	40,041,492	171,039,072	94,881,243	7,654,736	190,036,588	21,104,238	524,757,369
Provision	7,524,713	9,753,583	13,926,203	6,585,680	14,543,678	2,153,718	54,487,575
Disposal or scrap	-	-	(905,013)	-	-	(5,320,154)	(6,225,167)
Other decrease	-	-	-	-	(2,570,576)	-	(2,570,576)
Closing balance	47,566,205	180,792,655	107,902,433	14,240,416	202,009,690	17,937,802	570,449,201
Carrying amount							
At the end of the year	76,488,080	49,448,629	87,207,930	24,943,556	66,286,560	17,487,196	321,861,951
At the beginning of the year	82,601,876	59,202,212	91,136,115	25,026,840	80,159,525	12,438,143	350,564,711

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Fixed assets (continued)

2021

	Buildings	Security facilities	Supervising equipment and others	Petrol and gas station facilities	Toll collection facilities	Motor vehicles	Total
Cost							
Opening balance	116,351,120	230,241,284	178,766,412	32,859,052	271,806,492	33,775,730	863,800,090
Purchase	-	-	2,367,062	72,938	54,804	6,634,193	9,128,997
Transferred from construction in progress	9,558,926	-	12,424,325	111,915	752,492	-	22,847,658
Disposal or scrap	(3,266,678)	-	(7,540,441)	(362,329)	(2,417,675)	(6,867,542)	(20,454,665)
Closing balance	122,643,368	230,241,284	186,017,358	32,681,576	270,196,113	33,542,381	875,322,080
Accumulated depreciation							
Opening balance	37,671,415	160,479,494	89,467,711	5,459,782	174,968,530	25,876,994	493,923,926
Provision	5,387,300	10,559,578	12,576,951	2,496,809	16,372,892	1,859,505	49,253,035
Disposal or scrap	(3,017,223)	-	(7,163,419)	(301,855)	(1,304,834)	(6,632,261)	(18,419,592)
Closing balance	40,041,492	171,039,072	94,881,243	7,654,736	190,036,588	21,104,238	524,757,369
Carrying amount							
At the end of the year	82,601,876	59,202,212	91,136,115	25,026,840	80,159,525	12,438,143	350,564,711
At the beginning of the year	78,679,705	69,761,790	89,298,701	27,399,270	96,837,962	7,898,736	369,876,164

As the Group is in the process of applying for title certificates, fixed assets with a carrying amount of RMB16,498,508 (31 December 2021: RMB28,221,640) were without certificates as at 31 December 2022.

As at 31 December 2022, the Group had fixed assets with a carrying amount of RMB7,560,631 (31 December 2021: RMB9,050,416) under operating lease.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Fixed assets (continued)

Set out below are temporarily unused fixed assets:

31 December 2022

	Cost	Accumulated depreciation	Impairment provision	Carrying amount
Buildings	12,763,090	2,597,337	–	10,165,753
Refueling facilities	11,855,722	3,896,241	–	7,959,481
Monitoring facilities and others	134,414	16,825	–	117,589
	24,753,226	6,510,403	–	18,242,823

31 December 2021

	Cost	Accumulated depreciation	Impairment provision	Carrying amount
Buildings	7,584,733	2,831,144	–	4,753,589
Refueling facilities	5,282,884	2,774,317	–	2,508,567
	12,867,617	5,605,461	–	7,262,156

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Construction in progress

	31 December 2022	31 December 2021
Ande Service Area Construction Project (Phase I)	64,608,771	8,030,378
Chengguan Expressway Gaoxinxi Service Area Project	19,724,787	464,180
Tong Wang Gas Station	8,402,771	7,087,744
Gao Jia Gas Station	7,899,419	7,861,113
He Lin Petrol Station (note)	1,131,463	1,131,463
2nd Ring Road East 4 Section Complex	710,340	707,113
Chengdu Toll Station Service Area Project	76,852	76,852
Others	714,620	656,804
Less: Impairment provision on construction in progress	1,131,463	1,131,463
	102,137,560	24,884,184

Note: Construction of He Lin Petrol Station cannot proceed due to complaints from local residents, and therefore the management provided impairment allowance in full for the project at an amount of RMB1,131,463 in 2018.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Construction in progress (continued)

Movements in major construction in progress in 2022 are as follows:

	Budget	Opening balance	Increase during the year	Transferred to fixed assets during the year	Closing balance	Source of funds	Proportion of construction investment in budget (%)
Ande Service Area Construction Project (Phase I)	120,000,000	8,030,378	56,578,393	-	64,608,771	Self-owned funds	53.84
Gao Jia Gas Station	8,000,000	7,861,113	38,306	-	7,899,419	Self-owned funds	98.74
Tong Wang Gas Station	10,148,800	7,087,744	1,315,027	-	8,402,771	Self-owned funds	82.80
Chengguan Expressway Gaoxinxi Service Area Project	58,150,000	464,180	19,260,607	-	19,724,787	Self-owned funds	33.92
Safe and Intelligent Expressway Project	8,881,007	27,557	8,853,450	(8,881,007)	-	Self-owned funds	100.00
Modihe River Inner Side Petrol Station Safety Hazards Rectification	2,603,454	-	2,066,843	(2,066,843)	-	Self-owned funds	79.39
Procurement and installation of oil and gas recycling online supervision equipment	5,100,000	-	3,837,851	(3,837,851)	-	Self-owned funds	75.25
		23,470,972	91,950,477	(14,785,701)	100,635,748		

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Construction in progress (continued)

Movements in major construction in progress in 2021 are as follows:

	Budget	Opening balance	Increase during the year	Transferred to fixed assets during the year	Closing balance	Source of funds	Proportion of construction investment in budget (%)
Ande Service Area Construction Project (Phase I)	118,000,000	281,253	7,749,125	-	8,030,378	Self-owned funds	6.81
Gao Jia Gas Station	8,000,000	7,840,024	21,089	-	7,861,113	Self-owned funds	98.26
Tong Wang Gas Station	7,720,000	2,985,794	4,101,950	-	7,087,744	Self-owned funds	91.81
Chengguan Expressway Gaoxinxi Service Area Project	58,150,000	-	464,180	-	464,180	Self-owned funds	0.80
Mu Long Wan Petrol Station	8,887,788	6,244,486	2,643,302	(8,887,788)	-	Self-owned funds	100.00
Expressway High-definition Video Surveillance Renovation Project	5,260,000	4,538,703	-	(4,538,703)	-	Self-owned funds	86.29
Expressway Video Cloud System Construction	2,256,000	2,050,000	2,454	(2,052,454)	-	Self-owned funds	90.98
Chengming Expressway (Qiongming Section) Weighing Equipment Renovation Project	2,050,000	1,997,267	3,000	(2,000,267)	-	Self-owned funds	97.57
		25,937,527	14,985,100	(17,479,212)	23,443,415		

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Right-of-use assets

2022

	Buildings	Land use right leased in	Total
Cost			
Opening balance	25,641,860	38,226,378	63,868,238
Increase	77,495	–	77,495
Lease alteration	(4,655,023)	1,417,828	(3,237,195)
Closing balance	21,064,332	39,644,206	60,708,538
Accumulated amortisation			
Opening balance	9,622,541	8,575,278	18,197,819
Provision	6,020,947	2,983,126	9,004,073
Lease alteration	(1,619,198)	–	(1,619,198)
Closing balance	14,024,290	11,558,404	25,582,694
Carrying amount			
At the end of the year	7,040,042	28,085,802	35,125,844
At the beginning of the year	16,019,319	29,651,100	45,670,419

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Right-of-use assets (continued)

2021

	Buildings	Land use right leased in	Total
Cost			
Opening balance	20,332,078	38,226,378	58,558,456
Increase	5,309,782	–	5,309,782
Closing balance	25,641,860	38,226,378	63,868,238
Accumulated amortisation			
Opening balance	4,619,976	5,718,550	10,338,526
Provision	5,002,565	2,856,728	7,859,293
Closing balance	9,622,541	8,575,278	18,197,819
Carrying amount			
At the end of the year	16,019,319	29,651,100	45,670,419
At the beginning of the year	15,712,102	32,507,828	48,219,930

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Intangible assets

2022

	Land use right	Service concession rights	Software	Total
Cost				
Opening balance	613,831,704	7,465,471,386	5,622,189	8,084,925,279
Acquisition	13,737,727	–	159,770	13,897,497
Reversal of other non-current assets	7,881,215	–	–	7,881,215
Other decrease	–	(900,983)	–	(900,983)
Closing balance	635,450,646	7,464,570,403	5,781,959	8,105,803,008
Accumulated amortisation				
Opening balance	59,571,462	1,966,141,410	3,447,161	2,029,160,033
Provision	17,805,356	240,057,581	690,781	258,553,718
Reversal of other non-current assets	1,806,083	–	–	1,806,083
Closing balance	79,182,901	2,206,198,991	4,137,942	2,289,519,834
Carrying amount				
At the end of the year	556,267,745	5,258,371,412	1,644,017	5,816,283,174
At the beginning of the year	554,260,242	5,499,329,976	2,175,028	6,055,765,246

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Intangible assets (continued)

2021

	Land use right	Service concession rights	Software	Total
Cost				
Opening balance	542,158,748	7,466,592,625	4,502,055	8,013,253,428
Acquisition	57,974,180	–	1,120,134	59,094,314
Disposal or other decrease	(7,881,215)	(1,121,239)	–	(9,002,454)
Swap of non-monetary assets (note)	21,579,991	–	–	21,579,991
Closing balance	613,831,704	7,465,471,386	5,622,189	8,084,925,279
Accumulated amortisation				
Opening balance	48,136,532	1,694,403,634	2,693,046	1,745,233,212
Provision	16,271,685	272,859,015	754,115	289,884,815
Disposal or other decrease	(1,806,083)	(1,121,239)	–	(2,927,322)
Swap of non-monetary assets (note)	(3,030,672)	–	–	(3,030,672)
Closing balance	59,571,462	1,966,141,410	3,447,161	2,029,160,033
Carrying amount				
At the end of the year	554,260,242	5,499,329,976	2,175,028	6,055,765,246
At the beginning of the year	494,022,216	5,772,188,991	1,809,009	6,268,020,216

Note: In 2021, Communications Investment Energy, a subsidiary of the Group, entered into the land swap agreement with local government, pursuant to which, it swapped the land located in Group 6 of Tongpai Village, Guixi Street, Southern Park of Chengdu High-tech Zone with a site area of 2,686 square meters (Cheng Gao Guo Yong (2012) No. 24926) with the land located in Group 7 and 8 of Hongwa Community, Guixi Street, Chengdu High-tech Zone with the same site area of 2,686 square meters. The transaction involved swap of non-monetary assets. For details, please refer to Note XII.1.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Intangible assets (continued)

As at 31 December 2022, the ownership of intangible assets with a carrying amount of RMB4,350,252,380 (31 December 2021: RMB4,525,741,893) was restricted. Please refer to Note V. 51.

As at 31 December 2022, there were no land parcels without title certificates (31 December 2021: RMB179,878,032).

In 2022, amortisation of the Group's land use rights of RMB2,467,030 was included in construction in progress (2021: RMB2,463,706).

14. Goodwill

	31 December 2022	31 December 2021
Opening and closing carrying amount	34,025,910	34,025,910

The Group acquired the 51% equity interests in Chengming Expressway Company from Chengdu Expressway Construction, its parent company in December 2019, and took over the goodwill of RMB34,025,910 on a pro rata basis arising from Chengdu Expressway Construction's acquisition of Chengming Expressway Company.

Goodwill arising from business combination has been allocated to the Chengming Expressway Company asset group for impairment test.

The recoverable amount of the Chengming Expressway Company asset group is determined using the present value of the expected future cash flows of the asset group based on the cash flow projection during the service concession period approved by the management. As at 31 December 2022, the discount rate applicable to cash flow projection was 8.62% (31 December 2021: 8.56%).

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Goodwill (continued)

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- Toll rate – The estimated toll rate of each type of vehicles was approved by the Department of Transportation of Sichuan Province and Sichuan Provincial Development and Reform Commission.
- Traffic volume – The traffic volume forecast was issued by an independent professional traffic study institution.
- Discount rate – The discount rate used is pre-tax and reflects specific risks relating to Chengming Expressway Company.

The values assigned to the key assumptions of the above asset group are consistent with the Group's historical experience and external information sources.

15. Long-term prepaid expenses

2022

	Opening balance	Increase during the year	Amortisation during the year	Closing balance
Improvement of right-of-use assets	–	2,570,858	(631,268)	1,939,590
Others	452,765	69,000	(131,795)	389,970
	452,765	2,639,858	(763,063)	2,329,560

2021

	Opening balance	Increase during the year	Amortisation during the year	Closing balance
Others	341,280	226,788	(115,303)	452,765

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Deferred tax assets/liabilities

Set out below are deferred tax assets and deferred tax liabilities before elimination:

	31 December 2022		31 December 2021	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred tax assets				
Permanent lane occupation compensation	54,743,307	9,286,928	59,742,831	10,137,711
Rental advance of petrol stations and service areas	51,781,483	10,338,608	55,039,937	10,818,593
Accounting and tax differences in amortisation of intangible assets	110,605,113	17,289,610	72,336,199	13,097,426
Impairment of fixed assets	7,693,924	1,923,481	8,152,833	2,038,208
Impairment allowance of accounts receivable and other receivables	5,197,551	932,029	48,559,010	11,941,469
Impairment allowance of construction in progress	1,131,463	282,866	1,131,463	282,866
Unpaid related party interest	39,814,101	5,972,115	37,637,940	5,645,691
New lease standard	35,726,853	6,494,475	48,206,918	8,371,030
Fair value gains	2,660,700	399,105	–	–
Gains from unrealised intra-group transactions	11,501,594	2,875,399	–	–
Accounting and tax differences in depreciation of fixed assets	12,760,680	3,190,170	12,760,680	3,190,170
Deductible losses	175,663,564	26,349,535	158,248,872	23,737,330
	509,280,333	85,334,321	501,816,683	89,260,494

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Deferred tax assets/liabilities (continued)

	31 December 2022		31 December 2021	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Deferred tax liabilities				
Fair value adjustment on land swap	22,081,215	5,520,304	22,648,241	5,662,060
Amortisation of service concession rights	676,655,965	111,051,010	633,593,602	102,829,641
Fair value adjustment on acquisition of subsidiaries	566,027,296	124,996,407	582,601,708	128,054,839
New lease standard	36,134,923	6,578,764	48,206,918	8,371,030
	1,300,899,399	248,146,485	1,287,050,469	244,917,570

Deferred tax assets and deferred tax liabilities are stated in net terms after elimination:

	2022		2021	
	Amount eliminated	Balance after elimination	Amount eliminated	Balance after elimination
Deferred tax assets	56,857,343	28,476,978	59,177,470	30,083,024
Deferred tax liabilities	56,857,343	191,289,142	59,177,470	185,740,100

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Deferred tax assets/liabilities (continued)

Given that certain subsidiaries of the Group are in a loss-making condition, there remains significant uncertainty as to whether there will be adequate taxable income available against such deductible losses in future periods. As at 31 December 2022 and 31 December 2021, deductible losses in respect of the unrecognised deferred tax assets of such subsidiaries are set below:

	31 December 2022	31 December 2021
Deductible losses	90,374,572	68,350,289

Deductible losses of unrecognised deferred tax assets will expire in the following years:

	31 December 2022	31 December 2021
2022	–	13,497,051
2023	34,792,245	13,780,210
2024	13,599,808	13,599,808
2025	7,842,228	7,842,228
2026	19,630,992	19,630,992
2027	14,509,299	–
	90,374,572	68,350,289

The management of the Group considered that for deferred tax assets against which deductible losses have been recognised, sufficient taxable income will be available due to the reversal of differences from amortisation of service concession rights and future profits before such deductible losses expire.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Other non-current assets

	31 December 2022	31 December 2021
Prepaid land premiums	15,000,398	23,726,085
Land use right	–	6,075,132
	15,000,398	29,801,217

On 22 November 2021, at the board meeting of Energy Development Company, a subsidiary of the Company, it was resolved that Energy Development Company would make capital contribution to Zhongyou Jieneng, its associate, with the land use right of the CNG station located in the southwest region of the Western Park of Chengdu High-tech Zone [Chuan (2017) Chengdu Bu Dong Chan Quan No. 0377130]. On 31 December 2021, Energy Development Company entered into the capital increase agreement, pursuant to which, the capital increase shall be completed within eight months from the effective date of the agreement. Therefore, Energy Development Company reclassified the land use right of the above plot of land as other non-current assets. As at 31 December 2022, as the deadline for capital increase as agreed in the aforesaid capital increase agreement has expired and there was no new agreement regarding the capital increase, the Group included the land use right in intangible assets.

18. Accounts payable

Accounts payable are non-interest-bearing. An ageing analysis of accounts payable based on invoice date is as follows:

	31 December 2022	31 December 2021
Within 1 year	55,651,274	59,191,725
Over 1 year	655,146,482	783,352,902
	710,797,756	842,544,627

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Accounts payable (continued)

Material accounts payable aged over 1 year as at 31 December 2022 are set out below:

	Amount payable	Reason for failure to repay
Sichuan High-way and Bridge Construction Group Co., Ltd. (四川公路橋樑建設集團有限公司)	73,182,719	Expressway construction payment yet to be settled
CCCC First High-way Engineering Group Co., Ltd. (中交一公局集團有限公司) (previously known as CCCC First High-way Engineering Bureau Co., Ltd. (中交第一公路工程局有限公司))	62,242,790	Expressway construction payment yet to be settled
Chengdu Road and Bridge Engineering Co., Ltd. (成都市路橋工程股份有限公司)	30,265,602	Expressway construction payment yet to be settled
Sichuan Ruitong Engineering Construction Group Co., Ltd. (四川瑞通工程建設集團有限公司)	16,932,591	Expressway construction payment yet to be settled
Chengdu Xiangyuan Water Supply Co., Ltd. (成都市香源供水有限責任公司)	13,350,840	Expressway construction payment yet to be settled
Sichuan Road and Bridge Engineering Co., Ltd. (四川路橋橋樑工程有限責任公司)	6,938,903	Expressway construction payment yet to be settled
Sichuan Qingyu Traffic Technology Co., Ltd. (四川晴宇交通科技有限公司)	5,118,604	Expressway construction payment yet to be settled
	208,032,049	

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Accounts payable (continued)

Material accounts payable aged over 1 year as at 31 December 2021 are set out below:

	Amount payable	Reason for failure to repay
CCCC First High-way Engineering Bureau Co., Ltd.	179,642,721	Expressway construction payment yet to be settled
Sichuan High-way and Bridge Construction Group Co., Ltd.	116,881,315	Expressway construction payment yet to be settled
Chengdu Road and Bridge Engineering Co., Ltd.	39,215,962	Expressway construction payment yet to be settled
Sichuan Ruitong Engineering Construction Group Co., Ltd.	22,195,043	Expressway construction payment yet to be settled
Sichuan Qingyu Traffic Technology Co., Ltd.	19,621,436	Expressway construction payment yet to be settled
	377,556,477	

19. Receipts in advance

	2022	2021
Rental advance	2,303,988	—
Advanced land occupation compensations	651,812	—
	2,955,800	—

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Contract liabilities

	31 December 2022	31 December 2021
Advanced batch payment	14,654,041	13,160,347
Advanced refilling payment	4,345,566	5,769,144
Income from promissory notes	2,088,656	2,574,265
Advanced service fee	1,539,109	–
	22,627,372	21,503,756

Contract liabilities represent advance received from customers before the Group fulfills its performance obligations. Revenue from such contracts will be recognised when the Group fulfills its performance obligations. Generally, after receiving advance from customers, the Group will fulfill its performance obligations and recognise such amounts as revenue within one year.

21. Employee benefits payable

2022

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Short-term benefits	48,554,560	299,984,282	(316,735,833)	31,803,009
Post-employment benefits (defined contribution plan)	–	48,958,373	(48,958,373)	–
Termination benefits	73,443	105,121	(178,564)	–
	48,628,003	349,047,776	(365,872,770)	31,803,009

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Employee benefits payable (continued)

2021

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Short-term benefits	32,238,051	302,426,083	(286,109,574)	48,554,560
Post-employment benefits (defined contribution plan)	–	38,975,892	(38,975,892)	–
Termination benefits	–	199,248	(125,805)	73,443
	32,238,051	341,601,223	(325,211,271)	48,628,003

Short-term benefits are as follows:

2022

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Wages and salaries, bonuses, allowances and subsidies	45,760,626	219,212,276	(236,064,771)	28,908,131
Employee welfare	–	29,266,936	(29,231,884)	35,052
Social insurance expense	–	18,864,390	(18,864,390)	–
Including: Medical insurance expense	–	18,182,680	(18,182,680)	–
Work-related injury insurance expense	–	681,710	(681,710)	–
Housing provident fund	–	25,808,287	(25,808,287)	–
Labour union funds and employee education funds	2,793,934	5,633,715	(5,567,823)	2,859,826
Other short-term benefits	–	307,727	(307,727)	–
Labour protection expenses	–	890,951	(890,951)	–
	48,554,560	299,984,282	(316,735,833)	31,803,009

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Employee benefits payable (continued)

2021

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Wages and salaries, bonuses, allowances and subsidies	30,330,001	228,657,112	(213,226,487)	45,760,626
Employee welfare	–	30,525,424	(30,525,424)	–
Social insurance expense	–	16,272,333	(16,272,333)	–
Including: Medical insurance expense	–	14,425,909	(14,425,909)	–
Work-related injury insurance expense	–	744,699	(744,699)	–
Maternity insurance expense	–	1,101,725	(1,101,725)	–
Housing provident fund	–	21,205,980	(21,205,980)	–
Labour union funds and employee education funds	1,908,050	5,648,203	(4,762,319)	2,793,934
Other short-term benefits	–	117,031	(117,031)	–
	32,238,051	302,426,083	(286,109,574)	48,554,560

Defined contribution plan is as follows:

2022

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Basic pension insurance expense	–	35,261,657	(35,261,657)	–
Unemployment insurance expense	–	1,317,368	(1,317,368)	–
Enterprise annuity expense	–	12,379,348	(12,379,348)	–
	–	48,958,373	(48,958,373)	–

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Employee benefits payable (continued)

2021

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Basic pension insurance expense	–	30,419,580	(30,419,580)	–
Unemployment insurance expense	–	1,137,940	(1,137,940)	–
Enterprise annuity expense	–	7,418,372	(7,418,372)	–
	–	38,975,892	(38,975,892)	–

The Group provides and contributes to the defined contribution plan subject to a certain percentage of the wages and salaries of employees according to local policies and regulations.

22. Taxes and surcharges payable

	31 December 2022	31 December 2021
Corporate income tax	30,904,171	31,333,490
VAT	6,196,747	8,472,471
City maintenance and construction tax	509,665	3,588,462
Individual income tax	433,749	515,679
Educational surcharge	209,969	221,005
Local educational surcharge	126,972	147,337
Land appreciation tax	–	465,983
Others	50,666	58,393
	38,431,939	44,802,820

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. Other payables

	31 December 2022	31 December 2021
Dividend payable	9,064,631	24,265,571
Interest payable	3,411,147	3,590,772
Other payables	128,227,645	174,001,884
	140,703,423	201,858,227

Dividend payable

	31 December 2022	31 December 2021
Yanchang Shell (Sichuan) Petroleum Co., Ltd. ("Yanchang Shell")	9,064,631	–
Huaguan Industrial	–	23,212,791
Pengzhou Zhengtongdaoqiao Construction Company Limited	–	1,052,780
	9,064,631	24,265,571

In 2022, Yanchang Shell settled debts owed to Communications Investment Energy on behalf of Huaguan Industrial and Chengdu Petroleum, a subsidiary of Huaguan Industrial. Under such arrangement, it recognised the interests accrued on the debts of RMB22,958,486 as ruled by the court in 2019 on a retroactive basis, and deducted the corresponding amount with the dividend payable by Communications Investment Energy to its former shareholder Huaguan Industrial from 2020 to 2021 of RMB23,212,791. Relevant dividends were thus written off by the Group.

Interest payable

	31 December 2022	31 December 2021
Interest on long-term borrowings	3,411,147	3,590,772

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. Other payables (continued)

Other payables

	31 December 2022	31 December 2021
Construction payments	61,858,573	13,109,934
Deposit and security	24,679,745	23,694,200
Advance payment	16,573,248	16,573,248
Transactions with related parties	6,514,927	67,504,127
Clearing settlement	6,289,847	10,187,887
Intermediary service fee	4,263,626	1,959,150
Convenience store goods procurement expense	719,048	1,941,292
Agency construction payment	-	33,578,692
Equity transfer consideration	-	1,051,474
Others	7,328,631	4,401,880
	128,227,645	174,001,884

Material other payables aged over 1 year as at 31 December 2022 are set out below:

	Amount payable	Reason for failure to repay
Chengdu Transportation Bureau of Sichuan Province (四川省成都市交通運輸局)	9,740,000	Advanced construction payment yet to be settled
Sichuan Xuyang Petrification Trading Co., Ltd. (四川省旭陽石化貿易有限公司)	6,833,248	Advance payment to obtain land certificate, refund in negotiation
	16,573,248	

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. Other payables (continued)

Other payables (continued)

Material other payables aged over 1 year as at 31 December 2021 are set out below:

	Amount payable	Reason for failure to repay
Chengdu Transportation Bureau of Sichuan Province	9,740,000	Advanced construction payment yet to be settled
Chengdu Communications Investment	7,244,133	Advertisement seat rental fee yet to be settled
Sichuan Xuyang Petrification Trading Co., Ltd.	6,833,248	Advance payment to obtain land certificate, refund in negotiation
	23,817,381	

24. Non-current liabilities due within one year

	31 December 2022	31 December 2021
Long-term borrowings due within one year (Note V.26)	199,400,000	236,000,000
Lane occupation compensation due within one year	9,413,733	9,109,038
Lease liabilities due within one year (Note V.27)	8,127,249	8,633,352
	216,940,982	253,742,390

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Other current liabilities

	31 December 2022	31 December 2021
Principal of debentures payable	300,000,000	–
Interest of debentures payable	4,188,082	–
Tax pending for written off	459,878	–
	304,647,960	–

On 27 May 2022, the Company issued ultra-short-term debentures with a nominal value of RMB100 and a term of 270 days through National Association of Financial Market Institutional Investors. The debentures shall accrue interest commencing from 31 May 2022 and pay interest on 25 February 2023. The debentures were issued in an aggregate amount of RMB300,000,000 and at a coupon rate of 2.37% with principal and interest to be repaid in one lump sum upon maturity. Chengdu Communications Investment provided irrevocable joint liability guarantees with full amount for the debentures at nil consideration. On 25 February 2023, all the principal and interest accrued thereon were repaid in full by the Company.

26. Long-term borrowings

	Note	31 December 2022	31 December 2021
Pledged borrowings	1	2,195,400,000	2,523,000,000
Guaranteed borrowings		216,000,000	288,000,000
Unsecured borrowings	2	117,000,000	157,000,000
		2,528,400,000	2,968,000,000
Less: Long-term borrowings due within one year (Note V.24)		199,400,000	236,000,000
		2,329,000,000	2,732,000,000

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. Long-term borrowings (continued)

An analysis of long-term borrowings based on maturity dates is as follows:

	31 December 2022	31 December 2021
Due within 1 year (inclusive)	199,400,000	236,000,000
Due within 2 years (inclusive of 2 years)	197,000,000	253,000,000
Due within 3 to 5 years (inclusive of 3 and 5 years)	703,000,000	812,000,000
Over 5 years	1,429,000,000	1,667,000,000
	2,528,400,000	2,968,000,000

As at 31 December 2022, the above long-term borrowings carried an annual interest rate ranging from 3.46% to 4.21% (31 December 2021: 3.66% to 4.41%).

Note 1: The pledged borrowings are pledged by expressway toll collection right as detailed in Note V.13, of which bank borrowing balance of RMB1,642,400,000 (31 December 2021: RMB1,710,000,000) was guaranteed by Chengdu Communications Investment as at 31 December 2022.

Note 2: As at 31 December 2022, balance of borrowings of RMB117,000,000 (31 December 2021: RMB157,000,000) was guaranteed by Chengwenqiong Expressway Company and the Company.

27. Lease liabilities

	31 December 2022	31 December 2021
Opening balance	45,621,522	47,477,780
Increase during the year	77,067	5,310,889
Interest	1,947,595	2,161,289
Payment during the year	(10,667,810)	(9,328,436)
Lease alterations	(1,981,650)	-
Closing balance	34,996,724	45,621,522
Less: Lease liabilities due within one year (Note V.24)	8,127,249	8,633,352
	26,869,475	36,988,170

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. Lease liabilities (continued)

An analysis of lease liabilities based on maturity dates is as follows:

	31 December 2022	31 December 2021
Due within 1 year (inclusive)	8,127,249	8,633,352
Due within 2 years (inclusive of 2 years)	3,575,041	8,609,461
Due within 3 to 5 years (inclusive of 3 and 5 years)	8,413,536	10,250,551
Over 5 years	14,880,898	18,128,158
	34,996,724	45,621,522

28. Other non-current liabilities

		31 December 2022	31 December 2021
Borrowings from related parties	Note 1	85,000,431	82,824,270
Permanent lane occupation compensation	Note 2	49,833,952	53,902,006
Advanced service area payment		42,077,371	44,893,298
Forward traffic volume compensation		9,708,738	–
Advanced rental		6,445,659	6,878,425
		193,066,151	188,497,999

Note 1: Chengming Expressway Company received the loan of RMB772,060,000 from Chengdu Expressway Construction in 2019. Pursuant to the loan agreement, the loan carried an annual interest rate of 4.75%, of which RMB231,618,000 shall be repayable on 3 April 2024, and RMB540,442,000 shall be repayable on 25 April 2024. The principal and interest of the loans shall be repayable in one lump sum on the maturity dates. In 2020, Chengming Expressway Company newly secured long-term bank borrowings of over 10 years, and early repaid principal of RMB726,873,670 to Chengdu Expressway Construction.

As of 31 December 2021, the principal of the loan extended to Chengming Expressway Company by Chengdu Expressway Construction and the interest accrued thereon totaled RMB82,824,270. Chengming Expressway Company entered into a supplemental agreement with Chengdu Expressway Construction in 2021, pursuant to which, Chengdu Expressway Construction shall not demand repayment of the principal and interest of the loan before and including 31 December 2022.

As of 31 December 2022, the principal of the loan extended to Chengming Expressway Company by Chengdu Expressway Construction and the interest accrued thereon totaled RMB85,000,431. Chengming Expressway Company entered into a supplemental agreement with Chengdu Expressway Construction in June 2022, pursuant to which, Chengdu Expressway Construction shall not demand repayment of the principal and interest of the loan before and including 31 December 2023.

Note 2: Expressway companies under the Group receive lump-sum payment from third parties for occupation of the respective expressways, and the occupation period is the remaining toll term of such expressways.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Share capital

2022

	Opening and closing balance
Chengdu Expressway Construction	900,000,000
Chengdu Communications Investment	300,000,000
H shares with a nominal value of RMB1 each	456,102,000
	1,656,102,000

2021

	Opening and closing balance
Chengdu Expressway Construction	900,000,000
Chengdu Communications Investment	300,000,000
H shares with a nominal value of RMB1 each	456,102,000
	1,656,102,000

30. Capital reserves

2022

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Share capital premium	382,150,616	—	—	382,150,616
Other capital reserves	122,202,875	11,931,410	—	134,134,285
	504,353,491	11,931,410	—	516,284,901

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Capital reserves (continued)

2021

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Share capital premium	382,150,616	–	–	382,150,616
Other capital reserves	121,818,000	384,875	–	122,202,875
	503,968,616	384,875	–	504,353,491

In June 2016, Chengdu Expressway Construction transferred the 40% equity interests held by it in Chengbei Exit Expressway Company to the Company at nil consideration, and the fair value of the identifiable net assets underlying the 40% equity interests in Chengbei Exit Expressway Company of RMB121,818,000 as at the date of transfer was recognised as capital reserve.

The increase in other capital reserves of RMB384,875 in 2021 was due to acquisition of the non-controlling interests in Chengpeng Expressway Company by the Company.

The increase in other capital reserves in 2022 represented RMB22,958,486 repaid by Yanchang Shell to Communications Investment Energy on behalf of Huaguan Industrial and Chengdu Petroleum which exceeded its share of debts due to Chengdu Petroleum, including other capital reserves attributable to the Company of RMB11,931,410.

31. Specialised reserves

2022

	Opening balance	Appropriation during the year	Utilisation during the year	Closing balance
Safety production funds	14,906,630	5,028,370	(4,031,407)	15,903,593

2021

	Opening balance	Appropriation during the year	Utilisation during the year	Closing balance
Safety production funds	12,176,671	4,300,729	(1,570,770)	14,906,630

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. Specialised reserves (continued)

Safety production funds were provided and used according to the Administrative Measures for the Provision and Use of Safety Production Funds in Enterprises (Cai Zi [2022] No. 136) jointly issued by the Ministry of Finance and the Ministry of Emergency Management in 2022, while in 2021, safety production funds were provided and used according to the Administrative Measures for the Provision and Use of Safety Production Funds in Enterprises (Cai Qi [2012] No. 16) jointly issued by the Ministry of Finance and the State Administration of Work Safety, and Interpretation 3 to Accounting Standards for Business Enterprises (Cai Kuai [2009] No. 8) issued by the Ministry of Finance on 11 June 2009.

32. Surplus reserves

2022

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Statutory surplus reserves	213,889,871	54,328,552	—	268,218,423

2021

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Statutory surplus reserves	173,993,461	39,896,410	—	213,889,871

According to the requirements of the Company Law and the articles of association of the Company, the Company shall appropriate 10% of its net profit to the statutory surplus reserve. In the event that the accumulated statutory surplus reserve has exceeded 50% of the registered capital of the Company, additional appropriation will not be needed.

The Company may set aside discretionary surplus reserves after appropriation of statutory surplus reserves. Discretionary surplus reserve may be utilised to make up losses of previous years or to increase share capital of the Company upon relevant approval.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. Unappropriated profit

	2022	2021
Opening unappropriated profit	1,308,271,876	933,904,013
Net profit attributable to shareholders of the Company	506,727,585	614,652,615
Less: Appropriation of statutory surplus reserves	54,328,552	39,896,410
Cash dividend payable	233,510,381	200,388,342
Closing unappropriated profit	1,527,160,528	1,308,271,876

As at 31 December 2022, included in the unappropriated profit were surplus reserves of RMB278,313,978 attributable to the Company of the subsidiaries (31 December 2021: RMB206,220,870), including surplus reserves attributable to the Company appropriated by subsidiaries of RMB72,093,108 (2021: RMB6,632,713) during the year.

Pursuant to the resolution approved at the shareholders' general meeting on 13 May 2022, the Company would pay cash dividends of RMB0.141 per share (2021: RMB0.121) to all the shareholders, totaling RMB233,510,381 (2021: RMB200,388,342) based on the total share capital of the Company of 1,656,102,000 shares. Such dividend has been paid in mid-2022, and included in the financial statements of the current year.

According to the board resolution dated 27 March 2023, the board of directors proposed to distribute cash dividends of RMB0.178 per share to all the shareholders, and based on the total number of shares of the Company of 1,656,102,000, totaling RMB294,786,156. The proposal is subject to approval at the general meeting. Before approval is obtained at the general meeting, the proposed dividends will not constitute liabilities, and therefore are not included in the financial statements of the current year.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Revenue and cost

	2022		2021	
	Revenue	Cost	Revenue	Cost
Principal business	2,536,288,210	1,690,254,717	2,652,353,464	1,658,084,203
Other business	60,334,784	35,300,906	50,017,423	27,816,770
	2,596,622,994	1,725,555,623	2,702,370,887	1,685,900,973

Revenue is presented as follows:

	2022	2021
Revenue from contracts with customers	2,576,854,352	2,687,241,256
Asset rental income	11,109,357	15,129,631
Traffic volume compensation for operation suspension at a toll station	8,659,285	—
	2,596,622,994	2,702,370,887

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Revenue and cost (continued)

A breakdown of revenue from contracts with customers is as follows:

2022

Reporting segment	Expressway segment	Energy segment	Total
Major revenue sources			
Toll income	1,211,781,245	–	1,211,781,245
Revenue from operation and management services	56,570,340	3,877,382	60,447,722
Revenue from maintenance services	13,719,875	–	13,719,875
Revenue from sales of refined oil	–	1,267,936,625	1,267,936,625
Revenue from convenience stores	–	18,381,630	18,381,630
Other revenue	3,502,865	1,084,390	4,587,255
	1,285,574,325	1,291,280,027	2,576,854,352
Timing of revenue recognition			
At a point in time			
Toll income	1,211,781,245	–	1,211,781,245
Revenue from sales of refined oil	–	1,267,936,625	1,267,936,625
Revenue from convenience stores	–	18,381,630	18,381,630
Revenue from maintenance services	13,719,875	–	13,719,875
Other revenue	36,864	1,084,390	1,121,254
Over time			
Revenue from operation and management services	56,570,340	3,877,382	60,447,722
Other revenue	3,466,001	–	3,466,001
	1,285,574,325	1,291,280,027	2,576,854,352

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Revenue and cost (continued)

A breakdown of revenue from contracts with customers is as follows: (continued)

2021

Reporting segment	Expressway segment	Energy segment	Total
Major revenue sources			
Toll income	1,413,912,681	–	1,413,912,681
Revenue from operation and management services	56,058,259	–	56,058,259
Revenue from maintenance services	11,036,958	–	11,036,958
Revenue from sales of refined oil	–	1,182,382,524	1,182,382,524
Revenue from convenience stores	–	16,622,421	16,622,421
Other revenue	3,183,407	4,045,006	7,228,413
	1,484,191,305	1,203,049,951	2,687,241,256
Timing of revenue recognition			
At a point in time			
Toll income	1,413,912,681	–	1,413,912,681
Revenue from sales of refined oil	–	1,182,382,524	1,182,382,524
Revenue from convenience stores	–	16,622,421	16,622,421
Revenue from maintenance services	11,036,958	–	11,036,958
Other revenue	357,719	2,603,818	2,961,537
Over time			
Revenue from operation and management services	56,058,259	–	56,058,259
Other revenue	2,825,688	1,441,188	4,266,876
	1,484,191,305	1,203,049,951	2,687,241,256

Revenue from contracts with customers primarily represents toll income, revenue from sales of refined oil, revenue from convenience stores, revenue from operation and management services and revenue from maintenance services.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Revenue and cost (continued)

Revenue recognised during the year included in the opening carrying amount of contract liabilities is as follows:

	2022	2021
Toll income	15,734,612	27,207,004
Revenue from sales of refined oil	5,769,144	8,025,379
	21,503,756	35,232,383

Information about the Group's performance obligations is summarised below:

Toll income

Performance obligations are satisfied when customers travel through the expressways. Toll income is recognised as the amount received or receivable from vehicles while travelling through.

Revenue from sales of refined oil and convenience stores

Revenue is recognised at a point in time when the Group's performance obligations have been satisfied and the control of corresponding commodities has been transferred to customers.

Revenue from operation and management services

Performance obligations are satisfied within the period of providing operation and management services.

Revenue from maintenance services

Revenue from maintenance services is recognised after the performance obligations have been satisfied.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. Taxes and surcharges

	2022	2021
City maintenance and construction tax	5,319,043	4,891,907
Educational surcharge	2,297,935	2,096,482
Housing property tax	1,957,413	1,760,599
Local educational surcharge	1,501,456	1,397,655
Urban land use tax	791,232	866,953
Stamp duty	444,148	295,258
Vehicle & vessel tax	31,673	32,687
	12,342,900	11,341,541

36. Selling expenses

	2022	2021
Depreciation and amortisation	19,048,883	18,108,558
Employee benefits	16,424,801	16,532,316
Labor cost	12,954,619	10,900,067
Safety production expenses	9,544,753	8,307,508
Others	4,011,512	3,964,935
	61,984,568	57,813,384

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. Administrative expenses

	2022	2021
Employee benefits	93,172,313	91,535,828
Depreciation and amortisation	10,836,499	8,151,172
Agency fees	4,914,585	4,810,005
Office expense	3,768,205	4,884,034
Employment guarantee fund for handicapped	2,966,172	2,184,664
Auditing fee	1,528,302	1,698,113
Transportation and vehicle utilisation fees	1,049,613	2,063,000
Security guarantee cost	706,120	1,041,068
Activity funds	463,879	991,461
Rental expense	340,535	347,105
Others	4,545,448	1,170,813
	124,291,671	118,877,263

38. Finance expenses

	2022	2021
Interest expense	123,693,974	136,721,789
Including: Interest expense on lease liabilities	1,947,595	2,161,289
Less: Interest income	41,862,428	39,008,570
Foreign exchange (gain)/loss	(269,328)	1,088,985
Others	1,557,653	1,346,157
	83,119,871	100,148,361

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

39. Investment income

	2022	2021
Income from long-term equity investments accounted for using the equity method	25,475,472	44,496,113
Dividend income from other non-current financial assets held	2,800,000	334,800
	28,275,472	44,830,913

40. Credit impairment gain/(loss)

	2022	2021
Loss from impairment of accounts receivable	(1,215,889)	(2,025,195)
Reversal of loss from impairment of other receivables	51,680,729	-
	50,464,840	(2,025,195)

41. Gains from disposal of assets

	2022	2021
Lease alteration	363,653	-
Gains from disposal of fixed assets	-	3,160,082
Gains from disposal of intangible assets	-	32,506,324
	363,653	35,666,406

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

42. Fair value loss

	2022	2021
Changes in fair value included in profit or loss	(2,660,700)	–

43. Non-operating income

	2022	2021
Temporary lane occupation compensation	13,210,690	6,174,945
Permanent lane occupation compensation – amortised during the year	7,195,338	6,082,213
Income from road property compensation	1,951,041	3,958,630
Tax reversal	–	3,349,884
Others	903,230	709,451
	23,260,299	20,275,123

The Group's non-operating income was included in non-recurring profit or loss in both 2022 and 2021.



NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. Non-operating expense

	2022	2021
Loss from scrap of fixed assets	145,815	182,620
Tax delinquency	121,168	—
Penalties	18,800	530,555
Litigation compensation	—	213,173
Others	114,264	345,166
	400,047	1,271,514

The Group's non-operating expense was included in non-recurring profit or loss in both 2022 and 2021.

45. Government grants

The Group has government grants calculated on a net basis, which offset against relevant costs as follows:

	2022	2021
Government grants relating to income		
Cost offset	764,547	7,200,000
Administrative expenses offset	1,384,503	1,000,000
	2,149,050	8,200,000

In 2021, government grants that offset against cost represented the fiscal funds of RMB7,200,000 granted by Chengdu Finance Bureau to Chengdu Airport Expressway Company for maintenance, disease and disaster prevention and cleaning of Chengdu Airport Expressway, and government grants that offset against administrative expense represented the provincial fiscal and financial bonus funds of RMB1,000,000 granted by Chengdu Finance Bureau to the Company in 2019.

In 2022, the Group received a total of RMB2,149,050 from Qingyang District People's Government of Chengdu as comprehensive contribution award and employment stabilisation subsidy.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

46. Expenses by nature

The supplementary information for the operating cost, selling expenses and administrative expenses of the Group classified by nature is as follows:

	2022	2021
Refined oil purchase costs	1,065,178,844	1,002,769,147
Employee benefits	348,574,952	341,601,223
Depreciation and amortisation	314,294,224	344,648,740
Road maintenance	68,459,700	57,527,543
Cost of convenience stores	15,684,632	14,265,900
Maintenance cost of equipment and facilities	13,607,206	17,257,213
Labour cost	12,954,619	10,900,067
Road greening cost	11,635,951	13,326,881
Security production expense	9,544,753	8,307,508
Transportation and vehicle utilisation fees	5,463,031	5,410,911
Agency fees	4,914,585	4,810,005
Transportation expense	3,930,202	4,059,073
Office expense	3,768,205	4,884,034
Toll income clearing service fees	3,771,807	4,313,166
Auditing fee	1,528,302	1,698,113
Security guarantee fee	706,120	2,063,000
Operation and management expense	525,216	-
Rental expenses	340,535	347,105
Others	26,948,978	24,401,991
	1,911,831,862	1,862,591,620

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

47. Income tax expense

	2022	2021
Current income tax expense	104,723,734	137,058,072
Deferred income tax expense	7,155,088	3,648,583
	111,878,822	140,706,655

Relationship between income tax expense and total profit is as follows:

	2022	2021
Total profit	688,840,608	825,765,098
Income tax expense at statutory or applicable tax rate ^(note 1)	172,210,152	206,441,275
Effect of different tax rates of subsidiaries	(51,107,149)	(62,951,301)
Adjustments in respect of current income tax of previous periods	(8,921,056)	(70,572)
Share of profit or loss of joint ventures and associates	(4,611,977)	(9,012,556)
Income not subject to tax	(420,000)	(50,220)
Non-deductible expenses	1,474,489	1,442,281
Utilisation of deductible losses in previous years	(372,962)	-
Unrecognised deductible losses	3,627,325	4,907,748
Income tax expense at the Group's effective tax rate	111,878,822	140,706,655

Note 1: The Group's income tax has been provided at the rate on the estimated taxable profits arising in the PRC.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

48. Earnings per share

Basic earnings per share is calculated based on the net profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares in issue. The number of new ordinary shares is calculated commencing from the date consideration thereof is received (generally the share issuance date) subject to the specific terms in the issue agreement.

	2022	2021
Net profit attributable to shareholders of the Company	506,727,585	614,652,615
Weighted average number of ordinary shares in issue	1,656,102,000	1,656,102,000
Basic earnings per share (RMB/share)	0.31	0.37

The Company did not have potential dilutive ordinary shares in 2022 and 2021.

49. Notes to items of cash flow statements

	2022	2021
Other cash received relating to operating activities		
Collection of trade balance	124,852,348	38,663,521
Interest income	24,613,739	14,258,184
Income tax refund	10,233,038	-
Government grants	2,149,050	8,200,000
	161,848,175	61,121,705

	2022	2021
Other cash paid relating to operating activities		
Trade balance and others	88,652,474	127,621,962
Administrative expenses	21,667,362	18,277,889
Selling expenses	16,966,132	18,017,645
	127,285,968	163,917,496

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

49. Notes to items of cash flow statements (continued)

	2022	2021
Other cash received relating to financing activities		
Debt repaid by non-controlling interests	22,958,486	—
Related-party borrowings	—	40,000,000
	2022	2021
Other cash paid relating to financing activities		
Repayment of related party borrowings	40,000,000	—
Payment of rental expenses	10,667,810	9,328,436
Payment of listing expenses	2,661,698	—
Acquisition of non-controlling interests in subsidiaries	2,051,473	—
	55,380,981	9,328,436

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

50. Supplemental information of cash flow statements

(1) Supplemental information of cash flow statements

Reconciliation of net profit to cash flows from operating activities:

	2022	2021
Net profit	576,961,786	685,058,443
Add: Credit impairment (gain)/loss	(43,199,284)	2,025,195
Depreciation of fixed assets	54,487,575	49,253,035
Depreciation of right-of-use assets	9,004,073	7,859,293
Amortisation of intangible assets	256,086,688	287,421,109
Amortisation of long-term prepaid expenses	763,063	115,303
Gains from disposal of assets	(363,653)	(35,666,406)
Losses on write-off of fixed assets	145,815	182,620
Finance expenses	106,445,285	117,816,693
Investment income	(28,275,472)	(44,830,913)
Fair value gain	2,660,700	-
Decrease in deferred tax assets	1,606,046	2,479,357
Increase in deferred tax liabilities	5,549,042	1,169,226
Decrease in inventories	28,812,218	8,423,152
Increase in operating receivables	(32,213,445)	(145,938,743)
Decrease in operating payables	(89,412,694)	(112,030,767)
Others – Unutilised specialised reserves	1,311,946	5,154,865
Net cash flows from operating activities	850,369,689	828,491,462

Material investment and operating activities not involving cash:

	2022	2021
Disposal of land use right through non-monetary asset swap	-	22,695,523
Other receivables offset with dividend payable	23,212,791	-
Increase in prepayment through settlement of accounts receivable (note)	320,648,822	298,921,664

Note: Chengdu Zhongyou Energy Co., Ltd., (“Zhongyou Energy”), a subsidiary of the Group, retails oil products to clients, and accepts payment through the refill cards or electronic coupons issued by PetroChina. Following payment by clients, Zhongyou Energy settles the receivables subject to the amount deducted from refill cards or electronic coupons, whereby it increased the oil prepayment to PetroChina with such amounts.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

50. Supplemental information of cash flow statements (continued)

(1) Supplemental information of cash flow statements (continued)

Net change in cash and cash equivalents:

	2022	2021
Closing balance of cash	1,220,400,960	1,276,119,207
Less: Opening balance of cash	1,276,119,207	1,021,060,352
Add: Closing balance of cash equivalents	593,670,000	524,000,000
Less: Opening balance of cash equivalents	524,000,000	610,590,000
Net increase in cash and cash equivalents	13,951,753	168,468,855

(2) Cash and cash equivalents

	2022	2021
Cash	1,220,400,960	1,276,119,207
Including: Cash on hand	119,825	143,880
Deposits held at call with banks	1,218,992,639	1,274,930,948
Other currency funds available for payments at any time	1,288,496	1,044,379
Cash equivalents	593,670,000	524,000,000
Including: Time deposits with maturity within three months	593,670,000	524,000,000
Balance of cash and cash equivalents at the end of the year	1,814,070,960	1,800,119,207

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

51. Assets with restricted ownership

	31 December 2022	31 December 2021
Intangible assets – service concession rights		
Chengpeng Expressway	1,133,477,303	1,197,274,381
Chengwenqiong Expressway	953,845,611	1,008,566,526
Qiongming Expressway	2,262,929,466	2,319,900,986
Currency funds – performance guarantee deposits	15,269,400	15,269,400
	4,365,521,780	4,541,011,293

As at 31 December 2022, the Group pledged expressway toll collection rights with a carrying amount of RMB4,350,252,380 (31 December 2021: RMB4,525,741,893) to obtain bank borrowings of RMB2,195,400,000 (31 December 2021: RMB2,523,000,000), the amortisation of which in 2022 was RMB175,638,475 (2021: RMB195,520,164).

On 8 December 2020, the Group won the tenders for the operation business of Tianfu Airport Expressway and Pujiang-Dujiangyan Section of Chengdu Economic Zone Ring Expressway (“Pudu Expressway”). The Group issued performance guarantees to Tianfu Airport Expressway and Pudu Expressway through China CITIC Bank Corporation Limited Chengdu branch in an amount of RMB8,211,000 and RMB7,058,400, respectively with a valid period until 31 December 2022. As at 31 December 2022, the performance guarantees still constituted currency funds with restricted ownership, and were included in currency funds – other currency funds.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

52. Foreign currency monetary items

31 December 2022

	Original currency	Foreign exchange rate	RMB equivalent
Currency funds			
Hong Kong dollars	15,735,217	0.8933	14,055,797

31 December 2021

	Original currency	Foreign exchange rate	RMB equivalent
Currency funds			
Hong Kong dollars	16,458,761	0.8176	13,456,683

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

VI. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

Details of the subsidiaries of the Company are as follows:

	Place of principal business/ registration	Nature of business	Registered capital	Proportion of shareholding (%)		Voting rights Proportion (%)	Remark
				Direct	Indirect		
<i>Subsidiaries acquired through establishment or investment</i>							
Chengwengqiong Expressway Company	Chengdu	Management and operation of expressway	554,490,000	100	-	100	
Chengpeng Expressway Company	Chengdu	Management and operation of expressway	384,620,000	100	-	100	
Chengdu Airport Expressway Company	Chengdu	Management and operation of expressway	153,750,000	55	-	55	
Chengdu Expressway Zhenxing Development Co., Ltd. ("Zhenxing Company")	Chengdu	Management and operation of expressway service areas	100,000,000	80	-	80	
Operation Company	Chengdu	Expressway management	20,000,000	100	-	100	
<i>Subsidiaries acquired through business combination under common control</i>							
Chengming Expressway Company	Chengdu	Management and operation of expressway	100,000,000	51	-	51	
Energy Development Company	Chengdu	Petrol station operation and investment	676,000,000	94.49	-	94.49	Note 1
Communications Investment Energy	Chengdu	Petrol station operation	127,305,500	-	55	55	Note 1
Zhongyou Energy	Chengdu	Petrol station operation	437,335,000	-	51	51	Note 1
Energy Operation	Chengdu	Petrol station operation	20,000,000	-	100	100	Note 1

Note 1: Equity interests in Communications Investment Energy, Zhongyou Energy and Energy Operation are held through Energy Development Company.

Energy Development Company is a joint stock company incorporated under the PRC laws with limited liability, and the other subsidiaries are limited liability companies incorporated under the PRC laws, and the places of registration and operation of all the subsidiaries are located in the PRC.

There is no inconsistency between the shareholding proportion and voting rights proportion in each subsidiary of the Company.

In June 2022 and September 2022, Energy Development Company and PetroChina paid up capital of RMB39,739,700 and RMB7,860,229, respectively, to Zhongyou Energy, upon which the paid-in capital of Zhongyou Energy increased by RMB35,968,921, and its registered capital and shareholding structure remain unchanged.

In December 2022, the Company and Chengdu Communications Investment Property Company Limited contributed capital of RMB56,692,913,000 and RMB3,307,087 based on their respective original shareholding to Energy Development Company, upon which, the registered capital of Energy Development Company increased to RMB676,000,000.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

VI. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

Subsidiaries with significant non-controlling interests are set out below:

2022

	Shareholding proportion of non-controlling interests	Profit and loss attributable to non-controlling interests	Dividends paid to non-controlling interests	Accumulated non-controlling interests as at the end of the year
Chengdu Airport Expressway Company	45.00%	17,062,996	30,858,227	122,617,393
Chengming Expressway Company	49.00%	(13,515,814)	–	346,671,383
Zhongyou Energy (note)	51.81%	24,819,734	22,489,707	324,364,622

2021

	Shareholding proportion of non-controlling interests	Profit and loss attributable to non-controlling interests	Dividends paid to non-controlling interests	Accumulated non-controlling interests as at the end of the year
Chengdu Airport Expressway Company	45.00%	30,858,227	29,671,073	136,412,624
Chengming Expressway Company	49.00%	(5,001,205)	–	360,187,197
Zhongyou Energy (note)	51.81%	23,318,964	21,435,137	302,906,924

Note: The Company holds 94.49% equity interests in Energy Development Company, which in turn holds 51% equity interests in Zhongyou Energy. Accordingly, the Company indirectly holds 48.19% equity interests in Zhongyou Energy, and its remaining 51.81% equity interests are held by non-controlling interests.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

VI. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

The table below sets forth the major financial information of the above subsidiaries, which represents amounts before group elimination:

Chengdu Airport Expressway Company:

	2022	2021
Current assets	224,820,687	251,104,459
Non-current assets	70,233,597	91,997,119
Total assets	295,054,284	343,101,578
Current liabilities	21,841,072	38,405,542
Non-current liabilities	730,115	1,556,871
Total liabilities	22,571,187	39,962,413
Revenue	92,776,991	143,438,965
Net profit	37,917,768	68,573,837
Total comprehensive income	37,917,768	68,573,837
Net cash flows from operating activities	42,927,390	109,369,256

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

VI. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

The table below sets forth the major financial information of the above subsidiaries, which represents amounts before group elimination: (continued)

Chengming Expressway Company:

	2022	2021
Current assets	67,584,744	49,884,573
Non-current assets (excluding goodwill)	2,725,939,198	2,794,992,025
Goodwill	34,025,910	34,025,910
Total assets	2,827,549,852	2,878,902,508
Current liabilities	168,603,707	129,661,540
Non-current liabilities	1,917,427,617	1,980,139,146
Total liabilities	2,086,031,324	2,109,800,686
Revenue	178,691,265	201,133,511
Net loss	(27,583,294)	(10,206,541)
Total comprehensive loss	(27,583,294)	(10,206,541)
Net cash flows from operating activities	63,388,423	76,141,495

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

VI. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

The table below sets forth the major financial information of the above subsidiaries, which represents amounts before group elimination: (continued)

Zhongyou Energy:

	2022	2021
Current assets	226,481,057	213,165,320
Non-current assets	453,757,623	429,942,066
Total assets	680,238,680	643,107,386
Current liabilities	19,572,862	25,569,453
Non-current liabilities	33,148,703	42,117,992
Total liabilities	52,721,565	67,687,445
Revenue	809,428,195	791,730,925
Net profit	47,905,213	45,008,616
Total comprehensive income	47,905,213	45,008,616
Net cash flows from operating activities	72,928,796	63,008,229

2. Transaction resulting in changes in the proportion of owner's equity but without impact on the control of a subsidiary

In December 2021, the Company acquired the 0.26% equity interests in Chengpeng Expressway Company held by Pengzhou Zhengtongdaoqiao Construction Company Limited at a consideration of RMB2,051,473, subsequent to which the Company holds 100% equity interests in Chengpeng Expressway Company. The transaction resulted in a decrease in non-controlling interests by RMB2,436,348 and an increase in capital reserves by RMB384,875 in the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

VI. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint venture and associates

	Place of principal business/ registration	Nature of business	Registered capital	Proportion of shareholding (%)		Accounting treatment
				Direct	Indirect	
Joint venture						
Sinopec Energy	Chengdu	Management and operation of petrol stations	41,540,200	–	50	Equity method
Associates						
Zhongyou Jieneng	Chengdu	Management and operation of gas stations	69,667,500	–	47.49	Equity method
Chengbei Exit Expressway Company	Chengdu	Management and operation of expressway	220,000,000	40	–	Equity method
New Energy Company	Chengdu	Operation of vehicle charging facilities	117,647,059	–	51	Equity method
Chengdu Tongneng	Chengdu	Management and operation of gas stations	86,000,000	–	30	Equity method
Chengdu Jiuhe	Chengdu	Management and operation of petrol stations	13,000,000	–	43	Equity method
Chengdu Jiaoyun CNG	Chengdu	Management and operation of gas stations	13,000,000	–	25	Equity method
Chengdu Teld	Chengdu	Operation of vehicle charging facilities	200,000,000	–	16	Equity method

New Energy Company was established in August 2021, and was held as to 60% and 40% by Energy Development Company, a subsidiary of the Group and Sichuan Shudian Corporation (四川蜀電集團有限公司) (“Shudian Corporation”), respectively. The Group and Shudian Corporation exercised joint control over New Energy Company, and New Energy Company was accounted for as a joint venture of the Group.

In July 2022, New Energy Company undertook a capital increase and introduced a new shareholder, Chengdu Bus, subsequent to which it is held by Energy Development Company, Shudian Corporation and Chengdu Bus as to 51%, 34% and 15%, respectively. New Energy Company amended its articles of association in December 2022. Management of the Group considers that as following the amendments to its articles of association, two parties, when acting in concert, may exercise joint control over New Energy Company. Therefore, New Energy Company no longer constituted a joint venture, and has been accounted for as an associate of the Group.

In January 2022, the Group acquired 16% equity interests in Chengdu Teld. Energy Development Company appointed one director on the board of directors of Chengdu Teld (comprising a total of five directors) to participate in its operation and decision-making process. As the Group exercises significant control over the operation of Chengdu Teld, it is accounted for as an associate of the Group.

Chengbei Exit Expressway Company, one of the Group’s significant associates, is engaged in expressway management and operation. The long-term equity investment in the company, which is not strategically important to the Group’s activities, is accounted for using the equity method.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

VI. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint venture and associates (continued)

The table below sets forth the financial information of Chengbei Exit Expressway Company, which have been adjusted for accounting differences and reconciled to the carrying amount of the financial statements:

	31 December 2022	31 December 2021
Current assets	280,475,981	262,013,653
Including: Cash and cash equivalents	271,060,733	258,928,186
Non-current assets (excluding goodwill)	69,344,034	99,707,294
Total assets	349,820,015	361,720,947
Current liabilities	33,068,563	37,351,577
Non-current liabilities	2,535,585	5,203,372
Total liabilities	35,604,148	42,554,949
Non-controlling interests	125,686,347	127,666,400
Equity attributable to shareholders of the Company	188,529,520	191,499,598
Share of net assets on a pro-rata basis	125,686,347	127,666,400
Adjustment	-	-
Carrying value of the investment	125,686,347	127,666,400
	2022	2021
Revenue	115,011,797	132,382,988
Income tax expense	7,763,152	9,198,032
Net profit	43,922,276	52,786,793
Total comprehensive income	43,922,276	52,786,793
Dividends received	19,548,963	11,666,582

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

VI. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint venture and associates (continued)

Chengdu Tongneng, one of the Group's significant associates, is engaged in management and operation of gas stations. The investment in the company, which is not strategically important to the Group's activities, is accounted for using the equity method.

The table below sets forth the financial information of Chengdu Tongneng, which have been adjusted for accounting differences and reconciled to the carrying amount of the financial statements:

	31 December 2022	31 December 2021
Current assets	127,579,840	149,105,674
Including: Cash and cash equivalents	80,663,920	97,353,780
Non-current assets (excluding goodwill)	502,579,682	515,565,530
Total assets	630,159,522	664,671,204
Current liabilities	85,476,527	115,385,128
Non-current liabilities	65,027,299	108,674,857
Total liabilities	150,503,826	224,059,985
Non-controlling interests	29,387,980	30,842,786
Equity attributable to shareholders of the Company	450,267,716	409,768,433
Share of net assets on a pro-rata basis	135,080,315	122,930,530
Adjustment	781,977	781,977
Carrying value of the investment	135,862,292	123,712,507
	2022	2021
Revenue	423,842,500	433,399,080
Income tax expense	6,873,709	11,467,432
Net profit	40,499,283	64,386,242
Total comprehensive income	40,499,283	64,386,242
Dividends received	-	4,500,000

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

VI. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint venture and associates (continued)

The table below sets forth a summary of the financial information of insignificant joint ventures and associates of the Group:

	2022	2021
Joint ventures		
Total carrying values of investment	15,245,351	73,930,239
Total amounts calculated on a pro-rata basis		
Net profit	1,320,268	704,375
Total comprehensive income	1,320,268	704,375
Dividends received	1,096,267	–
Change in specialised reserves	111,551	(62,093)
Associates		
Total carrying values of investment	176,350,927	62,584,945
Total amounts calculated on a pro-rata basis		
Net profit/(loss)	(5,563,491)	3,423,240
Total comprehensive income/(loss)	(5,563,491)	3,423,240
Dividends received	670,098	648,849

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

VII. FINANCIAL INSTRUMENTS AND RISKS

1. Classification of financial instruments

Set out below is the carrying amount of different kinds of financial instruments as at the balance sheet date:

2022

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
Currency funds	–	1,889,340,360	1,889,340,360
Accounts receivable	–	207,447,293	207,447,293
Other receivables	–	52,766,054	52,766,054
Other non-current financial assets	81,290,000	–	81,290,000
	81,290,000	2,149,553,707	2,230,843,707

Financial liabilities

	Financial liabilities at amortised cost
Accounts payable	710,797,756
Other payables	140,703,423
Long-term borrowings due within one year	199,400,000
Lease liabilities due within one year	8,127,249
Other current liabilities	304,188,082
Long-term borrowings	2,329,000,000
Other non-current liabilities	85,000,431
	3,777,216,941

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

VII. FINANCIAL INSTRUMENTS AND RISKS (continued)

1. Classification of financial instruments (continued)

Set out below is the carrying amount of different kinds of financial instruments as at the balance sheet date: (continued)

2021

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
Currency funds	–	1,887,351,380	1,887,351,380
Accounts receivable	–	144,714,700	144,714,700
Other receivables	–	59,693,549	59,693,549
Long-term receivables	–	2,150,000	2,150,000
Other non-current financial assets	13,950,700	–	13,950,700
	13,950,700	2,093,909,629	2,107,860,329

Financial liabilities

	Financial liabilities at amortised cost
Accounts payable	842,544,627
Other payables	201,858,227
Long-term borrowings due within one year	236,000,000
Lease liabilities due within one year	8,633,352
Long-term borrowings	2,732,000,000
Other non-current liabilities	82,824,270
	4,103,860,476

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

VII. FINANCIAL INSTRUMENTS AND RISKS (continued)

2. Risks of financial instruments

The Group is exposed to the risks of various financial instruments in its daily activities, mainly including credit risk, liquidity risk and market risk. The Group's principal financial instruments include currency funds, accounts receivable, other receivables, long-term receivables, other non-current financial assets, accounts payable, other payables, other current liabilities, long-term borrowings, other non-current liabilities, etc.

Risks associated with these financial instruments and risk management strategies adopted by the Group to mitigate these risks are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, accounts receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is not significant. Transactions that are not settled in the functional currency of the Group will not be granted credit terms unless specifically approved by credit control department.

As the Group trades in currency funds with banks with good reputation and high credit ratings, these financial instruments have low credit risk.

Other financial assets of the Group comprise accounts receivable, other receivables and long-term receivables, the credit risk of which arises from counterparty default, with a maximum exposure equal to the carrying amounts of these instruments.

The Group trades only with recognised and creditworthy third parties, hence there is no requirement for collateral. There is credit concentration risk specific to the Group. As at 31 December 2022, 54.61% (31 December 2021: 44.87%) of the Group's accounts receivable was due from the customer with the most accounts receivable balance, and 97.15% (31 December 2021: 99.65%) was due from the top five customers with most accounts receivable balance. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances.

Criteria for judging significant increases in credit risk

The Group assesses whether the credit risk of the relevant financial instruments has increased significantly since initial recognition at each balance sheet date. While determining whether the credit risk has increased significantly since initial recognition, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, external credit risk rating and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the default risk of financial instruments on the balance sheet date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

VII. FINANCIAL INSTRUMENTS AND RISKS (continued)

2. Risks of financial instruments (continued)

Credit risk (continued)

Criteria for judging significant increases in credit risk (continued)

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria have been met:

- (1) Quantitative criteria mainly comprise the circumstance that at the reporting date, the increase in remaining lifetime probability of default is considered significant comparing with the one at initial recognition;
- (2) Qualitative criteria mainly comprise significant adverse change in debtor's operation or financial status, and being listed on the watch-list etc.;
- (3) The backstop criteria is that the debtor's contract payment (including principal and interest) is overdue for more than 30 days.

Definition of credit-impaired assets

The standard adopted by the Group to determine whether a credit impairment occurs is consistent with the internal credit risk management objectives of the relevant financial instrument, taking into account quantitative and qualitative criteria. When the Group assesses whether the credit impairment of debtor occurred, the following factors are mainly considered:

- (1) significant financial difficulty of the issuer or the debtor;
- (2) a breach of contract by the debtor, such as default or overdue payment of interest or principal;
- (3) the creditor, for economic or legal reasons relating to the debtor's financial difficulty, granting to the debtor a concession that the creditor would not otherwise consider;
- (4) it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- (5) the disappearance of an active market for that financial asset because of financial difficulty of the issuer or the debtor;
- (6) the purchase or origination of a financial asset at a substantial discount that reflects the incurred credit losses.

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily caused by a single event.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

VII. FINANCIAL INSTRUMENTS AND RISKS (continued)

2. Risks of financial instruments (continued)

Credit risk (continued)

Credit risk exposure

Exposures graded by credit risk based on internal ratings:

2022

	12-month expected credit loss	Lifetime expected credit loss			Simplified measurement method	Total
		Stage 1	Stage 2	Stage 3		
Accounts receivable	–	–	–	211,128,637	211,128,637	
Other receivables	16,274,067	24,290,111	2,065,541	–	42,629,719	
	16,274,067	24,290,111	2,065,541	211,128,637	253,758,356	

2021

	12-month expected credit loss	Lifetime expected credit loss			Simplified measurement method	Total
		Stage 1	Stage 2	Stage 3		
Accounts receivable	–	–	–	147,180,155	147,180,155	
Other receivables	52,297,610	–	47,583,460	–	99,881,070	
	52,297,610	–	47,583,460	147,180,155	247,061,225	

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

VII. FINANCIAL INSTRUMENTS AND RISKS (continued)

2. Risks of financial instruments (continued)

Liquidity risk

The Group monitors its risk of capital shortage using a recurring liquidity planning tool. This tool considers both the maturity of the financial instruments and projected cash flows from operations.

The Group aims to maintain a balance between the sustainability and flexibility of financing by such means as bank borrowings, bonds and other interest-bearing loans.

The maturity analysis of the financial liabilities based on the contractual undiscounted cash flows, is as follows:

31 December 2022

	Repayment on demand	Within 1 year	1 to 5 years	Over 5 years	Total
Accounts payable	656,898,481	53,899,275	-	-	710,797,756
Other payables	98,404,707	42,298,716	-	-	140,703,423
Long-term borrowings due within one year	-	203,597,874	-	-	203,597,874
Lease liabilities due within one year	-	9,535,146	-	-	9,535,146
Other current liabilities	-	305,294,082	-	-	305,294,082
Long-term borrowings	-	96,357,921	1,226,127,232	1,720,725,258	3,043,210,411
Other non-current liabilities	-	-	87,737,028	-	87,737,028
Lease liabilities	-	-	16,046,088	16,927,379	32,973,467
	755,303,188	710,983,014	1,329,910,348	1,737,652,637	4,533,849,187

31 December 2021

	Repayment on demand	Within 1 year	1 to 5 years	Over 5 years	Total
Accounts payable	806,161,665	36,382,962	-	-	842,544,627
Other payables	158,499,695	43,358,532	-	-	201,858,227
Long-term borrowings due within one year	-	241,500,029	-	-	241,500,029
Lease liabilities due within one year	-	10,612,212	-	-	10,612,212
Long-term borrowings	-	118,470,220	1,415,209,254	2,043,214,128	3,576,893,602
Other non-current liabilities	-	-	87,737,028	-	87,737,028
Lease liabilities	-	-	23,750,625	20,631,484	44,382,109
	964,661,360	450,323,955	1,526,696,907	2,063,845,612	5,005,527,834

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

VII. FINANCIAL INSTRUMENTS AND RISKS (continued)

2. Risks of financial instruments (continued)

Market risk

Interest rate risk

The Group's exposure to the risk of changes in market interest rates primarily relates to the Group's borrowings with floating interest rates. The Group manages interest rate risk by closely monitoring changes in interest rates and reviewing its borrowings on a regular basis.

The table below demonstrates the sensitivity analysis of the impact (of floating rate borrowings) on the net profits or losses and equity (net of tax) when reasonable and possible fluctuations of interest rate occurred, under the assumption that other variables were held constant:

31 December 2022

	Increase/ (Decrease) in base points	Increase/ (Decrease) in net profits or losses	Increase/ (Decrease) in total equity
RMB	5%	(5,204,050)	(5,204,050)
RMB	(5%)	5,204,050	5,204,050

31 December 2021

	Increase/ (Decrease) in base points	Increase/ (Decrease) in net profits or losses	Increase/ (Decrease) in total equity
RMB	5%	(5,727,214)	(5,727,214)
RMB	(5%)	5,727,214	5,727,214

As the Group primarily operates in mainland China and the majority of its businesses are settled in Renminbi, it is not exposed to material foreign exchange rate risk.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

VII. FINANCIAL INSTRUMENTS AND RISKS (continued)

3. Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern, to provide returns for the shareholders and to optimise its capital structure in order to minimise the costs of capital.

The Group manages its capital structure and makes adjustment in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or dispose of assets to reduce liabilities. No changes were made in the objectives, policies or processes for capital management in 2022 and 2021.

The Group monitors capital using the gearing ratio, which is total liabilities divided by total assets. The Group's gearing ratio as at the balance sheet date is as follows:

	31 December 2022	31 December 2021
Gearing ratio	46%	50%

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

VIII. FAIR VALUES

1. Assets measured at fair value

31 December 2022

	Fair value measurement using			Total
	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Other non-current financial assets	–	–	81,290,000	81,290,000

31 December 2021

	Fair value measurement using			Total
	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Other non-current financial assets	–	–	13,950,700	13,950,700

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

VIII. FAIR VALUES (continued)

2. Fair value assessment

The management has assessed that the fair values of currency funds, accounts receivable and accounts payable equal to their carrying amounts largely due to the short-term maturities of these instruments.

The following is the carrying amount and fair value of financial instruments except for lease liabilities and the financial instruments for which the difference between the carrying amount and fair value is immaterial:

	31 December 2022		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Other non-current financial assets	81,290,000	81,290,000	13,950,700	13,950,700
Long-term receivables	–	–	2,150,000	2,150,000
Financial liabilities				
Long-term borrowings	2,329,000,000	2,292,140,343	2,732,000,000	2,627,155,767
Other non-current liabilities	85,000,431	81,630,993	82,824,270	78,860,462

The finance department of the Group is led by the chief financial officer and is responsible for formulating policies and procedures for measuring the fair values of financial instruments. On each balance sheet date, the financial department analyses the changes in the value of financial instruments and determines the main input applicable to valuation. The valuation is subject to review and approval by the chief accountant.

The fair value of financial assets and financial liabilities is determined based on the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction, other than in a forced or liquidation sale. The following methods and assumptions are used in estimating fair value.

The fair values of the long-term borrowings and other non-current liabilities are determined using discount cash flows, at rates equal to market yield of other financial instruments with similar contract terms, credit risks and remaining term. As at 31 December 2022 and 31 December 2021, non-performance risks underlying long-term borrowings and other non-current liabilities were appraised as immaterial.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

VIII. FAIR VALUES (continued)

2. Fair value assessment (continued)

Investments in unlisted equity instruments are estimated at fair value using the market approach. The Group needs to determine comparable public companies based on industry, size, leverage and strategy, and calculates an appropriate market multiple, such as price to net assets ("P/B") multiple or price to earnings ("P/E") multiple, for each comparable public company identified. Adjustments are made based on company-specific facts and circumstances, taking into account factors such as liquidity and size differences between comparable public companies. The Group believes that the fair value estimated using valuation techniques is reasonable and the most appropriate value as of the balance sheet date.

3. Unobservable inputs

The significant unobservable inputs used by Level 3 fair value measurement are summarised below:

2022

	Closing fair value	Valuation technique	Unobservable inputs	Range interval (weighted average)
Other non-current financial assets	6,900,000	Listed companies comparison method	Lack of liquidity discount	30%
Other non-current financial assets	74,390,000	Comparable transaction method	Selection of comparable company	N/A

2021

	Closing fair value	Valuation technique	Unobservable inputs	Range interval (weighted average)
Other non-current financial assets	13,950,700	Listed companies comparison method	Lack of liquidity discount	30%

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

VIII. FAIR VALUES (continued)

4. Adjustment for fair value measurement

During the Level 3 fair value measurement, information on profit or loss relating to financial assets and non-financial assets in gains and losses included in the profit or loss for the current period, is as follows:

	Profit or loss relating to financial assets	
	2022	2021
Changes in the unrealised gain or loss for the current period from financial assets held at the end of the year	(2,660,700)	—
Changes in fair value included in profit or loss	(2,660,700)	—

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS

1. Parent company

Name of the parent company	Place of registration	Nature of business	Shareholding proportion in the Company	Voting rights proportion in the Company	Registered capital
Chengdu Expressway Construction	Chengdu	Investment in, construction, operation and management of transportation infrastructure	54.34%	54.34%	736,147,000

The indirect controlling shareholder of the Company is Chengdu Communications Investment, and the ultimate controller of the Company is the Chengdu SASAC.

2. Subsidiaries

Details of subsidiaries are set out in Note VI.1.

3. Joint ventures and associates

Details of joint ventures and associates are set out in Note VI.3 of the financial statements.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (continued)

4. Other related parties

Related party name	Related party relationship
Chengdu Transportation Junction	Under common control of Chengdu Communications Investment
Communications Assets Management	Under common control of Chengdu Communications Investment
Chengdu Road and Bridge Management Co., Ltd. ("Chengdu Road & Bridge")	Under common control of Chengdu Expressway Construction
PetroChina	A non-controlling shareholder of a subsidiary
Yanchang Shell	A non-controlling shareholder of a subsidiary
Chengdu Communications Information Port Co., Ltd. ("Information Port Company")	Under common control of Chengdu Communications Investment
Chengdu Communications Investment Shancheng Industrial Co., Ltd. ("Chengdu Shancheng Industrial")	Under common control of Chengdu Communications Investment
Huamin Petrol Station	Under common control of Chengdu Communications Investment
Xinhua Petrol Station	Under common control of Chengdu Communications Investment
Shiling Petrol Station	Under common control of Chengdu Communications Investment
Chengdu Communications Planning Survey Design Research Institute Co. Ltd. ("Communications Survey Design Institute")	Under common control of Chengdu Communications Investment
Chengdu Communications Investment Intelligent Parking Industry Development Co., Ltd. ("Communications Investment Intelligent Parking")	Under common control of Chengdu Communications Investment
Chengdu Xingjin Intelligent Parking Lot Construction Development Co., Ltd. ("Xingjin Intelligent Parking Lot")	Under common control of Chengdu Communications Investment
Chengdu Communications Investment Construction Waste Recycling Industry Group Co., Ltd. ("Communications Investment Construction Industry")	Under common control of Chengdu Communications Investment
Chengdu Communications Investment Western Rail Transit Industry Development Group Co., Ltd. ("Communications Investment Western Rail")	Under common control of Chengdu Communications Investment
Sichuan Zhengda Detection Technology Co., Ltd. ("Zhengda Detection")	Under common control of Chengdu Communications Investment (subsequent to 15 September 2021)
Jintai Property & Casualty Insurance Co., Ltd. ("Jintai Insurance")	Company in which related natural persons are directors and senior management
Chengdu Communications Investment Construction Co., Ltd. ("Communications Investment Construction")	Under common control of Chengdu Communications Investment
Chengdu Communications Intelligent Transportation Technology Service Co., Ltd. ("Communications Intelligent Transportation")	Under common control of Chengdu Communications Investment
Sichuan Chengmiancangba Expressway Co., Ltd. ("Chengmiancangba Expressway")	Under common control of Chengdu Communications Investment

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (continued)

5. Major transactions between the Group and related parties

(1) Sales or purchases of goods and rendering or receipt of services with related parties

Purchases of goods and receipt of services from related parties

	Note	2022	Approved transaction cap	Whether exceeded the approved cap	2021
PetroChina	(1)a	637,829,467	1,500,000,000	No	642,823,190
Chengdu Transportation Junction	(1)b	4,007,789	7,400,000	No	203,866
Communications Assets Management	(1)b	2,917,445			2,462,903
PetroChina	(1)c	1,735,193	Nil	N/A	2,254,862
Communications Survey Design Institute	(1)d	1,831,493	76,500,000	No	160,400
Communications Investment Construction	(1)e	1,351,900			-
Zhengda Detection	(1)f	1,152,285			-
Jintai Insurance	(1)g	915,853	Nil	N/A	856,733
Yanchang Shell	(1)h	406,396	Nil	N/A	228,018
		652,147,821			648,989,972

(1)a: Prices paid by Zhongyou Energy and Energy Operation, subsidiaries of the Group, to PetroChina for purchase of oil products were negotiated based on market price.

(1)b: The property management and other general services fees payable by the Group to Communications Assets Management and Chengdu Transportation Junction, and the construction amounts payable by the Group to Chengdu Transportation Junction are based on the market price of similar services in similar locations.

(1)c: The price at which the Group's vehicles consumed oil products at toll stations of PetroChina was the then prevailing market price.

(1)d: The design service fee paid by the Group to Communications Survey Design Institute was negotiated based on market price.

(1)e: The fees for emergency treatment project against flood paid by Chengming Expressway Company, a subsidiary of the Group, to Communications Investment Construction were negotiated based on market price.

(1)f: The fees for detection of expressway surface and bridge paid by the Company, Chengpeng Expressway Company, Chengming Expressway Company and Chengdu Airport Expressway Company, subsidiaries of the Group, to Zhengda Detection were negotiated based on market price.

(1)g: The premiums paid by the Group to Jintai Insurance was negotiated based on market price.

(1)h: Prices paid by Communications Investment Energy, a subsidiary of the Group, to Yanchang Shell for purchase of goods were negotiated based on market price.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (continued)

5. Major transactions between the Group and related parties (continued)

(1) Sales or purchases of goods and rendering or receipt of services with related parties (continued)

Sale of commodities to related parties

	Note	2022	2021
Xinhua Petrol Station	(1)i	27,598,197	—
Huamin Petrol Station	(1)i	16,487,550	—
Shiling Petrol Station	(1)i	10,028,482	—
		54,114,229	—

(1)i: The price of commodities charged by the Group to Xinhua Petrol Station, Huamin Petrol Station and Shiling Petrol Station was negotiated based on market price.

Rendering of services to related parties

	Note	2022	2021
Xinhua Petrol Station	(1)j	1,962,348	—
Huamin Petrol Station	(1)j	1,258,448	—
Shiling Petrol Station	(1)j	656,586	—
Chengdu Communications Investment	(1)k	—	1,441,188
		3,877,382	1,441,188

(1)j: The operation and management service fees charged by the Group to Xinhua Petrol Station, Huamin Petrol Station and Shiling Petrol Station were negotiated based on market price.

(1)k: The agency construction management fees charged by the Group to Chengdu Communications Investment was based on market price.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (continued)

5. Major transactions between the Group and related parties (continued)

(2) Lease with related parties

As lessor

	Leased assets	Note	2022	2021
Communications Investment Intelligent Parking	Property leasing	(2)a	3,948	104,901
Xingjin Intelligent Parking Lot	Property leasing	(2)a	132,693	105,605
Zhongyou Jieneng	Land leasing	(2)b	–	2,358,857
New Energy Company	Charging pile leasing	(2)c	5,568	–
Chengdu Teld	Charging pile leasing	(2)c	81,908	–
			224,117	2,569,363

(2)a: Rental charged by the Group to Communications Investment Intelligent Parking and Xingjin Intelligent Parking Lot was negotiated based on the market price for similar property in similar locations.

(2)b: Rental charged by the Group to Zhongyou Jieneng was negotiated based on the market price for similar land in similar locations.

(2)c: Rental charged for charging pile by the Group to New Energy Company and Chengdu Teld was negotiated based on the market price for similar charging piles in similar locations.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (continued)

5. Major transactions between the Group and related parties (continued)

(2) Lease with related parties (continued)

As lessee

2022

	Notes	Leased assets	Rental expenses for short-term lease and low-value asset leases under simplified approach	Variable lease payments that are not included in the measurement of the lease liabilities	Rental paid	Interest expense on lease liabilities	Increase/ (decrease) in right-of-use assets
Chengdu Transportation Junction	(2)d	Office premise leasing	277,296	-	5,763,344	414,736	(260,057)
Yanchang Shell	(2)e	Retail management system leasing	57,522	-	-	-	-

2021

	Leased assets	Rental expenses for short-term lease and low-value asset leases under simplified approach	Variable lease payments that are not included in the measurement of the lease liabilities	Rental paid	Interest expense on lease liabilities	Increase in right-of-use assets
Chengdu Transportation Junction	Office premise leasing	264,091	-	4,819,115	475,121	5,126,155

(2)d: The rental charged by Chengdu Transportation Junction to the Group for leasing of the office premise was determined based on the market price of similar office premises in similar locations.

(2)e: The rental charged by Yanchang Shell to the Group for leasing retail management system was determined upon negotiation based on the market rental fee of similar retail management systems.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (continued)

5. Major transactions between the Group and related parties (continued)

(3) Guarantee provided by related parties

Acceptance of the guarantee provided by related parties

2022

	Note	Amount of guarantee	Inception date of guarantee	Expiry date of guarantee	Whether guarantee has been completed
Chengdu Communications Investment	(3)a	1,642,400,000	17 June 2020	17 June 2041	No
Chengdu Communications Investment	(3)b	304,188,082	31 May 2022	25 February 2023	No

2021

	Note	Amount of guarantee	Inception date of guarantee	Expiry date of guarantee	Whether guarantee has been completed
Chengdu Communications Investment	(3)a	1,710,000,000	17 June 2020	17 June 2041	No

(3)a: The guarantee was provided by Chengdu Communications Investment at nil consideration. For details, please refer to Note V.26.

(3)b: The guarantee was provided by Chengdu Communications Investment at nil consideration. For details, please refer to Note V.25.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (continued)

5. Major transactions between the Group and related parties (continued)

(4) Borrowing and lending with related parties

Borrowings

2022

	Note	Amount repaid	Inception date	Maturity date
Chengdu Communications Investment	(4)a	40,000,000	18 June 2021	17 June 2022

2021

	Note	Amount borrowed	Inception date	Maturity date
Chengdu Communications Investment	(4)a	40,000,000	18 June 2021	17 June 2022

(4)a: In June 2021, Energy Operation, a subsidiary of the Company, borrowed RMB40,000,000 from Chengdu Communications Investment for a term of one year and at an annual interest rate of 3.9%. Interest thereof shall be repayable on a quarterly basis and the principal shall be repayable in one lump sum upon maturity. The borrowing has been repaid in June 2022.

Interest expense to related parties

	Note	2022	2021
Chengdu Expressway Construction	(4)b	2,176,161	1,056,316
Chengdu Communications Investment	(4)b	681,417	853,666
		2,857,578	1,909,982

(4)b: The interest rates charged by Chengdu Expressway Construction and Chengdu Communications Investment were determined based on the market interest rate of similar borrowings.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (continued)

5. Major transactions between the Group and related parties (continued)

(4) Borrowing and lending with related parties (continued)

Interest income from a related party

	Note	2022	2021
Chengdu Jiuhe	(4)c	48,704	102,126

(4)c: The interest rates charged by the Group to Chengdu Jiuhe were determined based on the market interest rate of similar borrowings.

(5) Assets transferred from related parties

	Note	Transaction	2022	2021
Information Port Company	(5)a	Purchase of assets	–	8,399,969
Communications Intelligent Transportation	(5)b	Purchase of assets	141,509	–
			141,509	8,399,969

(5)a: Of the above amount, RMB7,891,704 was incurred for the purchase of fixed assets and RMB508,265 was incurred for the purchase of intangible assets. The price at which the Group purchased assets from Information Port Company is based on the market price of similar assets.

(5)b: The above amount was paid for the purchase of intangible assets. The price at which the Group purchased assets from Communications Intelligent Transportation is based on the market price of similar assets.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS *(continued)*

5. Major transactions between the Group and related parties *(continued)*

(6) Acquisition of equity interests from a related party

	Note	2022	2021
Chengdu Shancheng Industrial	(6)a	60,902,400	–

(6)a: During the year, the Group acquired the 16% equity interests held by Chengdu Shancheng Industrial in Chengdu Teld based on the valuation conducted by independent valuers on the equity interests of Chengdu Teld.

(7) Construction compensation from related parties

	2022	2021
Information Port Company	–	5,561,041

In 2021, Information Port Company entered into the expressway intelligent management and control system construction compensation agreement with Chengdu Airport Expressway Company and the Company, pursuant to which, Information Port Company shall pay compensation of RMB1,004,009 (tax inclusive) and RMB4,835,555 (tax inclusive) to Chengdu Airport Expressway Company and the Company, respectively to make compensations for the impact caused to the toll income of Chengdu Airport Expressway Company and the Company during construction.

(8) Other related party transactions

	2022	2021
Remuneration of key management members	6,310,675	5,541,404

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (continued)

5. Major transactions between the Group and related parties (continued)

(9) Third-party payment of salaries and 5 insurance premiums and 2 contributions

Payment of salaries and 5 insurance premiums and 2 contributions by related parties

	Note	2022	2021
PetroChina	(9)a	3,196,628	3,167,680
Yanchang Shell	(9)a	395,031	–
		3,591,659	3,167,680

Payment of salaries and 5 insurance premiums and 2 contributions for related parties

	Note	2022	2021
New Energy Company	(9)a	641,063	116,769
Chengdu Tongneng	(9)a	481,662	353,108
Sinopec Energy	(9)a	411,455	292,455
Chengdu Teld	(9)a	274,532	–
Chengdu Jiaoyun CNG	(9)a	194,815	191,601
Chengmiancangba Expressway	(9)b	456,427	–
Zhengda Detection	(9)b	147,823	–
Communications Investment Construction Industry	(9)b	63,503	–
Chengdu Shancheng Industrial	(9)b	27,106	–
Chengdu Expressway Construction	(9)b	2,478	–
Communications Investment Western Rail	(9)b	–	10,670
		2,700,864	964,603

(9)a: The Group dispatches labour to associates and joint ventures, and at the same time, Zhongyou Energy and Communications Investment Energy, subsidiaries of the Group, also accepts labour dispatched by PetroChina and Yanchang Shell, their respective non-controlling shareholders. The salary of the dispatched labour shall be borne by the service recipients. As external labourers enter into contracts with the enterprises dispatching them, their salaries and 5 insurance premiums and 2 contributions shall be paid by the service recipients to the dispatching enterprises, who will then pay such amounts to or on behalf of employees.

(9)b: The Group receives and pays salaries and 5 insurance premiums and 2 contributions for and on behalf of enterprises under common control of Chengdu Communications Investment.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (continued)

5. Major transactions between the Group and related parties (continued)

(10) Oil products settled by refill cards and electronic coupons

	2022	2021
PetroChina	320,648,822	298,921,664

Zhongyou Energy, a subsidiary of the Group, accepts payment for oil products by refill cards and electronic coupons issued by PetroChina, and will settle the amount deducted from refill cards and electronic coupons with PetroChina after payment by customers. The parties do not receive or pay any consideration for the settlement.

(11) Joint investment

In 2022, the Company and Chengdu Communications Investment jointly made capital contribution to Shandong Financial Leasing in an amount of RMB70,000,000 and RMB805,000,000, respectively. After completion of the capital increase, Shandong Financial Leasing is held as to 1.6% and 18.4% by the Company and Chengdu Communications Investment, respectively. For detail, please refer to Note V.9.

6. Undertakings between the Group and a related party

	2022	2021
Equity acquisition	-	60,902,400

On 30 December 2021, Energy Development Company entered into the Equity Transfer Agreement with Chengdu Shancheng Industrial, pursuant to which, Energy Development Company agreed to acquire the 16% equity interests in Chengdu Teld held by Chengdu Shancheng Industrial, at a consideration of RMB60,902,400. Such transaction was completed in January 2022.

NOTES TO FINANCIAL STATEMENTS

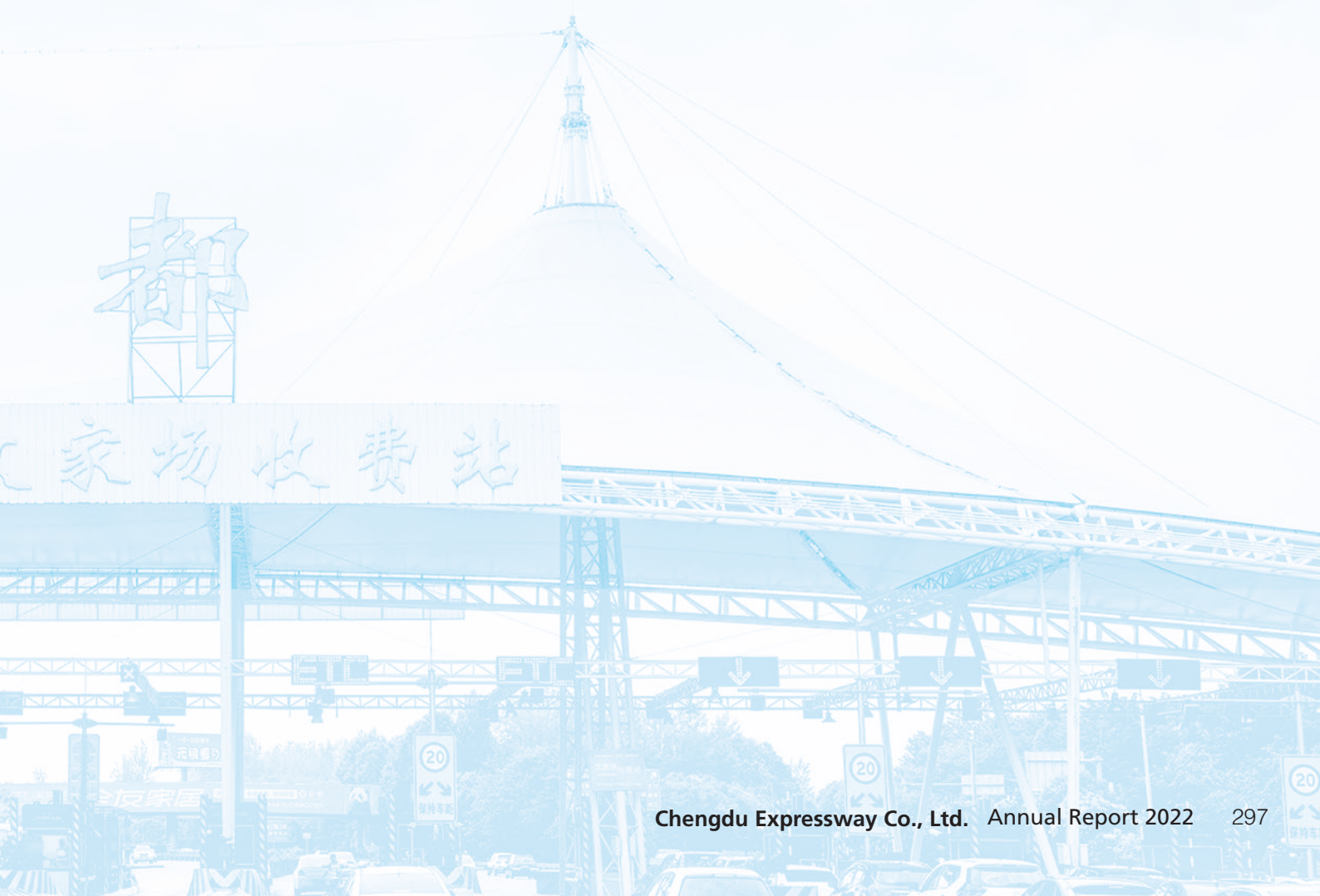
2022 Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (continued)

7. Balance of amounts receivable from and payable to related parties

(1) Other receivables

	31 December 2022	31 December 2021
Xinhua Petrol Station	745,804	–
Shiling Petrol Station	695,981	–
Huamin Petrol Station	456,387	–
Communications Assets Management	351,170	199,047
Chengdu Teld	274,532	–
Chengdu Transportation Junction	137,754	137,754
Zhongyou Jieneng	36,758	2,476,800
New Energy Company	9,251	–
Communications Investment Intelligent Parking	–	57,171
	2,707,637	2,870,772



NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (continued)

7. Balance of amounts receivable from and payable to related parties (continued)

(2) Other payables

	31 December 2022	31 December 2021
Chengdu Communications Investment	4,922,667	56,294,390
Information Port Company	782,202	782,202
Communications Survey Design Institute	369,500	50,000
PetroChina	236,513	–
Communications Assets Management	102,485	185,035
Zhengda Detection	50,000	50,000
Chengdu Road & Bridge	41,560	41,560
Xingjin Intelligent Parking Lot	10,000	58,002
Yanchang Shell	–	10,032,938
Communications Investment Intelligent Parking	–	10,000
	6,514,927	67,504,127

The term and interest rate of the borrowing of RMB40,000,000 provided to the Group by Chengdu Communications Investment are detailed in Note IX.5(4).

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (continued)

7. Balance of amounts receivable from and payable to related parties (continued)

(3) Accounts receivable

	31 December 2022	31 December 2021
Xinhua Petrol Station	861,737	–
Shiling Petrol Station	854,654	–
Huamin Petrol Station	513,403	–
	2,229,794	–

(4) Prepayments

	31 December 2022	31 December 2021
PetroChina	53,370,324	41,472,462
Yanchang Shell	203,500	–
Communications Assets Management	190,304	313,644
Chengdu Transportation Junction	–	294,256
	53,764,128	42,080,362

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (continued)

7. Balance of amounts receivable from and payable to related parties (continued)

(5) Accounts payable

	31 December 2022	31 December 2021
Information Port Company	4,133,105	8,245,492
Chengdu Transportation Junction	3,507,300	-
Zhengda Detection	1,494,104	923,628
Communications Investment Construction	1,351,900	-
Communications Survey Design Institute	371,366	119,800
Communications Assets Management	101,047	-
Communications Intelligent Transportation	45,000	-
	11,003,822	9,288,920

(6) Receipt in advance

	31 December 2022	31 December 2021
Xingjin Intelligent Parking Lot	11,539	-
New Energy Company	5,522	-
	17,061	-

(7) Contract liabilities

	31 December 2022	31 December 2021
Chengdu Communications Investment	1,539,109	-

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (continued)

7. Balance of amounts receivable from and payable to related parties (continued)

(8) Long-term receivables

	31 December 2022	31 December 2021
Chengdu Jiuhe	–	2,150,000

The term and interest rate of the borrowings provided by the Group to Chengdu Jiuhe are detailed in Note V.7.

(9) Other non-current liabilities

	31 December 2022	31 December 2021
Chengdu Expressway Construction	85,000,431	82,824,270

The term and interest rate of the borrowings provided to the Group by Chengdu Expressway Construction are detailed in Note V.28.

(10) Lease liabilities

	31 December 2022	31 December 2021
Chengdu Transportation Junction	6,267,414	12,469,788

Other than the interest-bearing borrowings disclosed in 7(2), 7(8) and 7(9) above, other receivables from and payables to related parties are non-interest-bearing, unsecured and have no fixed terms of repayment.

The related party transactions specified in 5(1), 5(2) and 5(4) above also constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

X. COMMITMENTS AND CONTINGENT LIABILITIES

1. Commitments

	31 December 2022	31 December 2021
Capital commitments	117,036,638	169,408,610

2. Contingent liabilities

Lawsuit between Energy Development Company and Huaguan Industrial

On 14 August 2014, Energy Development Company issued the "Letter of Undertakings on Solving Issues concerning Project Lands of Communications Investment Energy" (the "Undertaking") to Huaguan Industrial, the then non-controlling shareholder of Communications Investment Energy. Pursuant to the Undertaking, Energy Development Company was going through land procedures for one petrol station (No. 3 station), and land construction procedures for one petrol station and one gas station through swap. Following issuance of the Undertaking, despite several rounds of resolution between the parties, the land procedures for the petrol stations and gas station failed to be completed. Based on the above situation, Huaguan Industrial filed a lawsuit against Energy Development Company to Chengdu Intermediate People's Court in 2021, demanding Energy Development Company to 1) complete the construction land procedures for No. 3 station and help Communications Investment Energy to complete the state-owned land procedures; 2) identify lands for construction of one petrol station and one gas station within the administrative jurisdiction of Chengdu, and help Communications Investment Energy to complete the state-owned land procedures of the petrol station; and 3) compensate Huaguan Industrial for economic loss of RMB36,876,367.

On 11 August 2022, Chengdu Intermediate People's Court awarded a first-instance judgment, pursuant to which Energy Development Company shall not assume liability for compensation. Huaguan Industry appealed the first-instance judgement to the High People's Court of Sichuan Province which heard the case on 21 November 2022, and issued a civil ruling on 25 February 2023, pursuant to which the High People's Court of Sichuan Province considered that Energy Development Company and Huaguan Industrial constituted contractual relationship of rights and obligations, and the original judgment made a mistake in determining whether the contract has been established. Accordingly, the High People's Court of Sichuan Province revoked the judgment awarded by Chengdu Intermediate People's Court in August 2022, and remanded the case to Chengdu Intermediate People's Court for retrial. As the first and second claims of Huaguan Industrial are in substance unfulfillable, Huaguan Industrial thus changed its claims, and only retained its third claim. Based on the advice of the legal adviser, the management still believes that the presumption of contractual relationship between Energy Development Company and Huaguan Industrial based on the assumption of continued construction of petrol stations is not well grounded, and even if there do exist contractual relations, Energy Development Company has made its best endeavor, and the failure in completing the land procedures was due to force majeure, and Energy Development Company should therefore not be liable in this regard. Energy Development Company still has a legitimate defense against the lawsuit, and the case will probably be ruled in favor of Energy Development Company. In conclusion, the Group did not make provision in this regard.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

X. COMMITMENTS AND CONTINGENT LIABILITIES *(continued)*

2. Contingent liabilities *(continued)*

Lawsuit between Chengming Expressway Company and Xuyang Petrification

On 20 May 2022, Chengming Expressway Company initiated a lawsuit against Sichuan Xuyang Petrification Trading Co., Ltd. (四川省旭陽石化貿易有限公司) (“Xuyang Petrification”), the defendant, in the Jianyang People’s Court, applying to legally invalidate the transfer (lease) agreements (the “Agreements”) entered into between the parties on 27 December 2012 and 26 July 2014, respectively, in relation to the extended 12-year land use rights following the change of nature of land use rights of two pairs and a total of four petrol and gas stations in Qionglai and Mingshan service areas along the Qionglai – Mingshan Expressway alongside National Highway 318, and the construction and operation right of Pingle service area (including the petrol and gas stations), and demanding Xuyang Petrification to return Pingle service area to Chengming Expressway Company in status quo.

Pursuant to the Agreements, amounts incurred from the change of nature of land use rights of two pairs and a total of four petrol and gas stations in Qionglai and Mingshan service areas, change of nature of land use rights of the petrol stations and gas stations in Pingle service area and construction of Pingle service area shall be paid by Xuyang Petrification. As of 31 December 2022, Xuyang Petrification had paid Chengming Expressway Company RMB6,833,248 for change of nature of land use rights, and partially completed the construction of the petrol stations in Pingle service area, which, however, did not commence commercial operation. Xuyang Petrification failed to pay Chengming Expressway Company any amount for transfer (lease) of construction and operation right as agreed in the agreements. Chengming Expressway Company recognised the amount paid by Xuyang Petrification for change of nature of land use rights in other payables.

On 26 July 2022, Chengming Expressway Company received the counterclaim filed by Xuyang Petrification, claiming that the demand raised by Chengming Expressway Company to invalidate the Agreements has in effect rendered the fulfillment of the Agreements unrealistic, and requesting Chengming Expressway Company to compensate economic loss thus incurred to Xuyang Petrification in a total amount of RMB28,162,100. As of the approval date of these financial statements, the court has not awarded a judgement. Based on the advice of the legal advisers, the Company considered the claim for RMB28,162,000 was not well-grounded and Xuyang Petrification achieved profit rather than loss given the land incremental income and operating income, the management believes that no further provision is required, taking into account of the actual construction costs of the Group’s petrol stations of the same size.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

XI. EVENTS AFTER THE BALANCE SHEET DATE

On 21 February 2023, the Company issued ultra-short-term debentures of RMB300 million on National Association of Financial Market Institutional Investors of the PRC with a term commencing from 21 February 2023 and maturing on 20 August 2023 at a coupon rate of 2.8%.

On 1 March 2023, the General Office of the People's Government of Sichuan Province issued the Reply on Matters Concerning the Expansion Project of Chengdu-Wenjiang-Qionglai Expressway (Chuan Ban Han [2023] No. 16), pursuant to which, it in principle approves the construction of the Chengwenqiong Expressway expansion project in the "Build-Operate-Transfer" (BOT) model, and the Company will act as the investor, and Chengwenqiong Expressway Company will act as the project owner for its financing and construction work. The primarily target of the project is to expand Chengwenqiong Expressway along its original route based on the two-way 8-lane standard. Total investment amount was approximately RMB12.652 billion, which will be financed by, among other things, bank loans and self-owned funds. Based on the preliminary plan, construction will commence in, as far as practicable, 2023 for a term of 3 years.

XII. OTHER EVENTS

1. Asset swap

In 2021, Communications Investment Energy, a subsidiary of the Group, entered into the land swap agreement with local government to swap the land with a site area of 2,686 square meters located in Group 6 of Tongpai Village, Guixi Street, Southern Park of Chengdu High-tech Zone (Cheng Gao Guo Yong (2012) No.24926) with the land with a site area of 2,686 square meters in Group 7 and 8 of Hongwa Community, Guixi Street, Chengdu High-tech Zone. The remaining term of the land use right of the plots of land swapped out and in is 30.09 years and 40 years, respectively. The land acquired after swap has a longer land use right, and is able to generate more revenue streams. Such exercise complies with Accounting Standards for Business Enterprises No. 7 – Swap of Non-monetary Assets in relation to significant differences in risks, time and amount of cash flows between assets swapped in and out, and therefore constitutes swap of non-monetary assets with commercial essence. As of the date of land transfer, the book value of the land use right of the land swapped out was RMB9,840,358 (as compared to cost of RMB12,871,030, and accumulated depreciation provision was RMB3,030,672), and based on the valuation of the fair values of the land use rights of the two plots of land conducted by Chengdu Land Planning Cadastral Affairs Centre, the fair values of the land use rights of land swapped out and in were RMB32,535,881 and RMB34,451,021, respectively.

For the purpose of the non-monetary asset swap, Communications Investment Energy recorded the difference between the fair value and carrying amount of the land swapped out of RMB22,695,523 in asset disposal income, and recorded the fair value of the land swapped out plus the land premium of RMB1,915,140, totaling RMB34,451,021 as the cost for land swap.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

XII. OTHER EVENTS *(continued)*

2. Segment reporting

Operating segment

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

- (1) the expressway segment is responsible for the operation and management of expressways in mainland China;
- (2) the energy segment is responsible for the operation and management of petrol stations and gas stations in mainland China.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted total profit from continuing operations. The adjusted total profit from continuing operations is measured consistently with the Group's total profit from continuing operations except that investment income and head office and corporate expenses are excluded from such measurement.

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

Segment liabilities exclude deferred tax liabilities and dividends payable as they are managed on a group basis.

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

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

XII. OTHER EVENTS (continued)

2. Segment reporting (continued)

Operating segment (continued)

2022

	Expressway segment	Energy segment	Adjustment and eliminations	Total
Revenue from external customers	1,304,595,516	1,292,027,478	—	2,596,622,994
Revenue from inter-segment transactions	1,093,830	317,128	(1,410,958)	—
External transaction costs	641,093,982	1,084,461,641	—	1,725,555,623
Investment income from joint ventures and associates	17,568,910	7,906,562	—	25,475,472
Credit impairment loss	1,690,758	(52,155,598)	—	(50,464,840)
Depreciation and amortisation	287,538,103	27,384,120	(627,999)	314,294,224
Total profit	528,632,227	131,932,909	28,275,472	688,840,608
Income tax expense	87,293,963	17,429,771	7,155,088	111,878,822
Total assets	7,709,574,169	1,389,075,348	28,476,978	9,127,126,495
Total liabilities	3,951,757,274	57,021,962	200,353,773	4,209,133,009
Long-term equity investments in joint ventures and associates	125,686,347	327,458,570	—	453,144,917
Decrease in other non-current assets other than long-term equity investments	(125,503,832)	(23,706,921)	(1,606,048)	(150,816,801)

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

XII. OTHER EVENTS (continued)

2. Segment reporting (continued)

Operating segment (continued)

2021

	Expressway segment	Energy segment	Adjustment and eliminations	Total
Revenue from external customers	1,495,828,250	1,206,542,637	–	2,702,370,887
Revenue from inter-segment transactions	1,146,762	–	(1,146,762)	–
External transaction costs	663,186,102	1,022,714,871	–	1,685,900,973
Investment income from joint ventures and associates	21,114,718	23,381,395	–	44,496,113
Credit impairment loss	(1,982,831)	(42,364)	–	(2,025,195)
Depreciation and amortisation	321,671,623	23,448,116	(470,999)	344,648,740
Total profit	677,202,349	103,731,836	44,830,913	825,765,098
Income tax expense	110,235,899	26,822,173	3,648,583	140,706,655
Total assets	7,869,952,055	1,257,703,279	30,083,024	9,157,738,358
Total liabilities	4,212,663,238	133,637,184	210,005,670	4,556,306,092
Long-term equity investments in joint ventures and associates	127,666,400	260,227,691	–	387,894,091
Increase/(Decrease) in other non- current assets other than long- term equity investments	(275,776,340)	21,620,847	(2,479,356)	(256,634,849)

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

XII. OTHER EVENTS (continued)

2. Segment reporting (continued)

Operating segment (continued)

Other information

Information about products and services

Revenue from external customers

	2022	2021
Toll income	1,211,781,245	1,413,912,681
Revenue from sales of refined oil	1,267,936,625	1,182,382,524
Revenue from operation and management services	60,447,722	56,058,259
Revenue from maintenance services	13,719,875	11,036,958
Revenue from convenience stores	18,381,630	16,622,421
Rental income	11,109,357	15,129,631
Traffic volume compensation for operation suspension at a toll station	8,659,285	—
Others	4,587,255	7,228,413
	2,596,622,994	2,702,370,887

Geographical information

The Group's revenue is generated from and its non-current assets are located in Mainland China to the exception of financial assets and deferred tax assets.

Information about major customers

The Group has a diverse customer base and no revenue derived from a single customer contributed to 10% or more of the total revenue of the Group.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

XII. OTHER EVENTS (continued)

3. Lease

(1) As lessor

The Group leases out certain buildings and petrol stations for a term ranging from one year to 20 years, which constitute operating lease. In 2022, the Group generated rental income of RMB11,109,357 (2021: RMB15,129,631). Please refer to Note V.34.

Pursuant to the lease contracts entered into with the lessees, the minimum lease receivables of non-cancellable lease is as follows:

	31 December 2022	31 December 2021
Within 1 year (inclusive of 1 year)	3,624,581	4,399,290
1 to 2 years (inclusive of 2 years)	3,838,506	3,669,842
2 to 3 years (inclusive of 3 years)	3,024,433	3,632,954
3 to 4 years (inclusive of 4 years)	1,763,452	2,964,418
4 to 5 years (inclusive of 5 years)	1,764,932	1,680,680
Over 5 years	5,454,634	6,555,132
	19,470,538	22,902,316

For details of operating lease of fixed assets, please refer to Note V.10.

(2) As lessee

	31 December 2022	31 December 2021
Interest expense on lease liabilities	1,947,595	2,161,289
Short-term lease expense under simplified approach through profit or loss	340,535	347,105
Total cash outflow in relation to leases	11,008,345	9,675,542

Assets leased by the Group include buildings and land use right in the course of operation, of which the lease term for buildings and land use right generally ranges from one to ten years and 6.5 to 18.5 years, respectively.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

XII. OTHER EVENTS (continued)

3. Lease (continued)

(2) As lessee (continued)

Future potential cash outflows not included in the lease liabilities for measurement

Leases committed but not yet commenced

The estimated future cash outflows of leases that have been committed but not yet commenced are as below:

	2022	2021
Within 1 year (inclusive of 1 year)	500,000	—
1 to 2 years (inclusive of 2 years)	1,000,000	—
2 to 3 years (inclusive of 3 years)	1,000,000	—
Over 3 years	7,000,000	—
	9,500,000	—

Other lease information

For details of right-of-use assets, please refer to Note V.12; for simplified approach regarding short-term lease and low-value asset leases, please refer to Note III 27; and for details of lease liabilities, please refer to Note V.27.

4. Remunerations of directors and supervisors and five highest paid employees

(1) Remunerations of directors and supervisors

Remunerations of directors and supervisors during the year are disclosed as follows:

	2022	2021
Fees	270,000	270,000
Other emoluments:		
Salaries, allowances and subsidies	2,117,730	2,398,625
Bonus	1,052,397	1,012,696
Pension insurance	253,480	214,620
	3,693,607	3,895,941

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

XII. OTHER EVENTS (continued)

4. Remunerations of directors and supervisors and five highest paid employees (continued)

(1) Remunerations of directors and supervisors (continued)

The names of the directors and supervisors and their remunerations during the year are as follows:

2022

	Fees	Salaries, allowances and subsidies	Bonus	Pension insurance	Total
Directors-Executive directors:					
Zhang Dongmin ⁽¹⁾	–	274,420	186,225	29,311	489,956
Wang Xiao ⁽¹⁾	–	274,065	206,909	29,311	510,285
Luo Dan	–	338,058	159,271	39,082	536,411
Yang Tan	–	367,488	233,836	39,082	640,406
Ding Dapan ⁽¹⁾	–	317,595	122,686	39,082	479,363
Directors-Non-executive directors:					
Xiao Jun ⁽⁵⁾	–	–	–	–	–
Yang Bin ⁽⁵⁾	–	–	–	–	–
Wu Haiyan ⁽²⁾⁽⁵⁾	–	–	–	–	–
Supervisors:					
Jiang Yan ⁽⁵⁾	–	–	–	–	–
Zhang Yi ⁽⁵⁾	–	–	–	–	–
Wu Haiyan ⁽²⁾	–	–	–	–	–
Xu Jingxian	–	279,269	72,454	39,082	390,805
Zhang Jian ⁽³⁾	–	46,663	–	5,962	52,625
Chen Yong ⁽³⁾	–	220,172	71,016	32,568	323,756
Zhang Chengyi ⁽²⁾⁽⁵⁾	–	–	–	–	–
Independent directors:					
Shu Wa Tung, Laurence ⁽⁴⁾	112,500	–	–	–	112,500
Ye Yong ⁽⁴⁾	45,000	–	–	–	45,000
Li Yuanfu ⁽⁴⁾	45,000	–	–	–	45,000
Leung Chi Hang Benson ⁽⁴⁾	37,500	–	–	–	37,500
Qian Yongjiu ⁽⁴⁾	15,000	–	–	–	15,000
Wang Peng ⁽⁴⁾	15,000	–	–	–	15,000
	270,000	2,117,730	1,052,397	253,480	3,693,607

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

XII. OTHER EVENTS *(continued)*

4. Remunerations of directors and supervisors and five highest paid employees *(continued)*

(1) Remunerations of directors and supervisors (continued)

- Note 1: On 30 September 2022, Ms. Wang Xiao and Mr. Zhang Dongmin resigned as executive directors of the board of directors, and Mr. Ding Dapan was appointed as an executive director of the board of directors.
- Note 2: On 30 September 2022, Ms. Wu Haiyan resigned as a supervisor, and was appointed as a non-executive director, and Mr. Zhang Chengyi was appointed as a supervisor.
- Note 3: On 3 March 2022, Mr. Zhang Jian resigned as a supervisor, and Mr. Chen Yong was appointed as a supervisor.
- Note 4: On 30 September 2022, Mr. Shu Wa Tung, Laurence, Mr. Ye Yong and Mr. Li Yuanfu resigned as independent directors, and Mr. Leung Chi Hang Benson, Mr. Qian Yongjiu and Mr. Wang Peng were appointed as independent directors.
- Note 5: During the year, Mr. Xiao Jun, Mr. Yang Bin and Ms. Wu Haiyan, as non-executive directors, and Ms. Jiang Yan, Mr. Zhang Yi and Mr. Zhang Chengyi, as supervisors, did not receive remunerations in the Company.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

XII. OTHER EVENTS (continued)

4. Remunerations of directors and supervisors and five highest paid employees (continued)

(1) Remunerations of directors and supervisors (continued)

2021

	Fees	Salaries, allowances and subsidies	Bonus	Pension insurance	Total
Directors-Executive directors:					
Zhang Dongmin	–	434,009	235,108	35,770	704,887
Wang Xiao	–	447,888	226,855	35,770	710,513
Luo Dan	–	406,845	201,226	35,770	643,841
Yang Tan	–	452,406	102,850	35,770	591,026
Directors-Non-executive directors:					
Xiao Jun	–	–	–	–	–
Yang Bin	–	–	–	–	–
Supervisors:					
Jiang Yan	–	–	–	–	–
Zhang Yi	–	–	–	–	–
Wu Haiyan	–	–	–	–	–
Xu Jingxian	–	330,283	124,430	35,770	490,483
Zhang Jian	–	327,194	122,227	35,770	485,191
Independent directors:					
Shu Wa Tung, Laurence	150,000	–	–	–	150,000
Ye Yong	60,000	–	–	–	60,000
Li Yuanfu	60,000	–	–	–	60,000
	270,000	2,398,625	1,012,696	214,620	3,895,941

There was no arrangement under which a director or supervisor waived or agreed to waive any remuneration during the year. No emoluments were paid by the Group to any of the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office. There was no other remuneration due to independent non-executive directors during the year (2021: nil).

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

XII. OTHER EVENTS (continued)

4. Remunerations of directors and supervisors and five highest paid employees (continued)

(2) Five highest paid employees

An analysis of the headcounts of the five highest paid employees within the Group during the year is as follows:

Number of employees

	2022	2021
Directors	2	4
Non-director and non-supervisor	3	1
	5	5

Details of the directors' and supervisors' remuneration are set out above.

Details of the remuneration of the above non-director and non-supervisor, highest paid employees are as follows:

	2022	2021
Salaries, allowances and subsidies	1,035,721	410,886
Bonus	532,146	201,692
Pension insurance	117,245	35,770
	1,685,112	648,348

Remunerations of the above non-director and non-supervisor, highest paid employees in 2022 and 2021 were below RMB1,000,000.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

XIII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

1. Accounts receivable

Credit period of accounts receivable generally ranges from one to three months. Accounts receivable are non-interest-bearing.

An ageing analysis of accounts receivable is as follows:

	31 December 2022	31 December 2021
Within 1 year (inclusive of 1 year)	5,045,754	10,434,190
Less: Provision for bad debts of accounts receivable	–	–
	5,045,754	10,434,190

As at 31 December 2022, balance of accounts receivable of the Company primarily represented clearing toll receivable from Sichuan Intelligent of RMB4,832,663, accounting for 95.78%. As at 31 December 2021, balance of accounts receivable of the Company primarily represented clearing toll receivable from Sichuan Intelligent of RMB10,069,502, accounting for 96.50%. Upon assessment, the management considered that the accounts receivable of the Company are generally collected within one month, and therefore no bad debt was provided.

2. Other receivables

	31 December 2022	31 December 2021
Interest receivable	9,209,622	7,395,939
Dividend receivable	2,800,000	–
Other receivables	238,126,541	153,895,092
	250,136,163	161,291,031

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

XIII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other receivables (continued)

An ageing analysis of other receivables is set out below:

	31 December 2022	31 December 2021
Within 1 year (inclusive of 1 year)	124,356,768	60,366,680
1 to 2 years (inclusive of 2 years)	60,241,787	93,438,860
2 to 3 years (inclusive of 3 years)	53,438,860	326
Over 3 years	609,441	609,541
	238,646,856	154,415,407
Less: Provision for bad debts of other receivables	520,315	520,315
	238,126,541	153,895,092

Movements in the book balance and the respective bad debt provision recognised for the 12-month expected credit loss and the lifetime expected credit loss on other receivables are set out below:

31 December 2022

	Stage I 12-month expected credit loss		Stage III Credit-impaired financial assets (lifetime)		Subtotal	
	Book balance	Bad debt provision	Book balance	Bad debt provision	Book balance	Bad debt provision
Opening balance	153,895,092	-	520,315	520,315	154,415,407	520,315
Increase during the year	133,377,911	-	-	-	133,377,911	-
Derecognition	(49,146,462)	-	-	-	(49,146,462)	-
Closing balance	238,126,541	-	520,315	520,315	238,646,856	520,315

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

XIII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other receivables (continued)

31 December 2021

	Stage I 12-month expected credit loss		Stage III Credit-impaired financial assets (lifetime)		Subtotal	
	Book balance	Bad debt provision	Book balance	Bad debt provision	Book balance	Bad debt provision
Opening balance	96,365,602	–	532,635	532,635	96,898,237	532,635
Increase during the year	60,366,680	–	–	–	60,366,680	–
Derecognition	(2,837,190)	–	(12,320)	(12,320)	(2,849,510)	(12,320)
Closing balance	153,895,092	–	520,315	520,315	154,415,407	520,315

Movements of bad debt provided for other receivables are set out below:

	Opening balance	Provision during the year	Written-off during the year	Closing balance
2022	520,315	–	–	520,315
2021	532,635	–	(12,320)	520,315

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

XIII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other receivables (continued)

Other receivables by nature are as follows:

	31 December 2022	31 December 2021
Related-party borrowings within the consolidated scope (note)	228,656,388	153,553,166
Traffic volume compensation for operation suspension at a toll station	8,919,064	–
Related-party transactions outside the consolidated scope	199,047	199,047
Deposits	445,601	445,601
Others	426,756	217,593
	238,646,856	154,415,407

Note: Related-party borrowings within the consolidated scope represent loans granted by the Company to its subsidiaries, including Energy Operation, Energy Development Company and Chengming Expressway Company.

On 29 June 2022, the Group extended loan of RMB20,000,000 to Energy Operation for a term of one year from the date of actual withdrawal at an annual interest rate of 3.9% with interest repayable on a quarterly basis and principal repayable upon maturity. As of 31 December 2022, the principal and interest of the loan granted to Energy Operation totaled RMB20,023,833.

On 30 December 2020, 12 November 2021 and 4 January 2022, the Company extended loans of RMB40,000,000, RMB60,000,000 and RMB60,000,000, respectively, to Energy Development Company for a term of two years from the date of actual withdrawal at an annual interest rate of 1-year LPR minus 10 base points prevailing at the date of agreements subject to adjustment based on the LPR minus 10 base points preceding the interest adjustment date every six months. Interests shall be repayable on a quarterly basis and principal shall be repayable upon maturity. In December 2022, Energy Development Company repaid principal of the loan of RMB40,000,000. As at 31 December 2022, the principal and interest of the loans granted to Energy Development Company totaled RMB120,163,750 (31 December 2021: RMB100,114,306). Pursuant to the loan agreements, the Company shall have the rights to demand early repayment from Energy Development Company based on its actual operating condition. Therefore, the loans were included in current assets.

On 10 January 2020 and 20 January 2020, the Company extended loans of RMB310,000,000 and RMB83,750,600, respectively, to Chengming Expressway Company for a term of five years from the date of receipt at an annual interest rate of five-year loan interest rate published by the People's Bank of China. Interests shall be repayable in installments and principal shall be repayable upon maturity. In June 2020, Chengming Expressway Company repaid RMB346,719,930. Pursuant to the loan agreements, the Company shall have the right to demand early repayment from Chengming Expressway Company based on its actual operating condition. Therefore, the loans were included in current assets. On 17 June 2022, the Company extended loan of RMB35,000,000 to Chengming Expressway Company for a term of one year from the date of receipt at an annual interest rate of 2.8% with interest and principal repayable in one lump sum upon maturity. As at 31 December 2022, the principal and interest of the loans granted to Chengming Expressway Company totaled RMB88,468,805 (31 December 2021: RMB53,438,860).

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

XIII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other receivables (continued)

Set out below are other receivables due from the top five debtors as at 31 December 2022:

	Closing balance	Proportion of the balance of other receivables (%)	Nature	Ageing	Closing balance of bad debt provision
Energy Development Company	120,163,750	50.35	Related-party borrowings within the consolidated scope	Within 1 year, 1 to 2 years, 2 to 3 years	–
Chengming Expressway Company	88,468,805	37.07	Related-party borrowings within the consolidated scope	Within 1 year, 2 to 3 years	–
Energy operation	20,023,833	8.39	Related-party borrowings within the consolidated scope	Within 1 year	–
Chengdu Xihui Investment Group Co., Ltd.	8,919,064	3.74	Traffic volume compensation for operation suspension at a toll station	Within 1 year	–
Chengdu Zihao Decoration Engineering Company	344,101	0.14	Deposits	Over 3 years	344,101
	237,919,553	99.69			344,101

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

XIII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Other receivables (continued)

Set out below are other receivables due from the top five debtors as at 31 December 2021:

	Closing balance	Proportion of the balance of other receivables (%)	Nature	Ageing	Closing balance of bad debt provision
Energy Development Company	100,114,306	64.83	Related-party borrowings within the consolidated scope	Within 2 years	–
Chengming Expressway Company	53,438,860	34.61	Related-party borrowings within the consolidated scope	Within 2 years	–
Chengdu Zihao Decoration Engineering Company	344,101	0.22	Deposits	Over 3 years	344,101
Communications Assets Management	199,047	0.13	Related-party transactions outside the consolidated scope	Within 1 year, over 3 years	–
Chengdu Xinshiyu Industrial Co., Ltd.	100,000	0.06	Deposits	Over 3 years	100,000
	154,196,314	99.85			444,101

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

XIII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term equity investments

2022

	Movements during the year				
	Opening balance	Additional investment	Investment income or loss under the equity method	Cash dividend declared	Closing book value
Subsidiaries					
Chengwenqiong Expressway Company	755,552,237	-	-	-	755,552,237
Chengpeng Expressway Company	680,935,943	-	-	-	680,935,943
Chengdu Airport Expressway Company	201,484,177	-	-	-	201,484,177
Chengming Expressway Company	426,175,448	-	-	-	426,175,448
Operation Company	20,000,000	-	-	-	20,000,000
Zhenxing Company	80,000,000	-	-	-	80,000,000
Energy Development Company	572,555,083	56,692,913	-	-	629,247,996
Associate					
Chengbei Exit Expressway Company	127,666,400	-	17,568,910	(19,548,963)	125,686,347
Total	2,864,369,288	56,692,913	17,568,910	(19,548,963)	2,919,082,148

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

XIII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Long-term equity investments (continued)

2021

	Opening balance	Movements during the year			Closing book value
		Additional investment	Investment income or loss under the equity method	Cash dividend declared	
Subsidiaries					
Chengwenqiong Expressway Company	755,552,237	-	-	-	755,552,237
Chengpeng Expressway Company	678,884,470	2,051,473	-	-	680,935,943
Chengdu Airport Expressway Company	201,484,177	-	-	-	201,484,177
Chengming Expressway Company	426,175,448	-	-	-	426,175,448
Operation Company	20,000,000	-	-	-	20,000,000
Zhenxing Company	80,000,000	-	-	-	80,000,000
Energy Development Company	572,555,083	-	-	-	572,555,083
Associate					
Chengbei Exit Expressway Company	118,218,264	-	21,114,718	(11,666,582)	127,666,400
Total	2,852,869,679	2,051,473	21,114,718	(11,666,582)	2,864,369,288

As at the balance sheet date, management of the Company considered that there was no need for provision for long-term equity investments.

NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

XIII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Revenue and cost

	2022		2021	
	Revenue	Cost	Revenue	Cost
Principal business	386,896,336	170,186,660	419,168,903	179,755,204
Other business	22,999,539	14,227,303	508,808	239,485
	409,895,875	184,413,963	419,677,711	179,994,689

Revenue is presented as follows:

	2022	2021
Revenue from contracts with customers	400,620,672	419,170,407
Traffic volume compensation for operation suspension at a toll station	8,659,285	–
Rental income	615,918	507,304
	409,895,875	419,677,711



NOTES TO FINANCIAL STATEMENTS

2022 Unit: RMB

XIII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Revenue and cost (continued)

A breakdown of revenue from contracts with customers is as follows:

	2022	2021
Major revenue sources		
Toll income	330,325,995	352,073,686
Revenue from operation and management services	56,570,342	56,058,259
Revenue from maintenance services	13,719,875	11,036,958
Others	4,460	1,504
	400,620,672	419,170,407

Timing of revenue recognition

At a point in time		
Toll income	330,325,995	352,073,686
Revenue from maintenance services	13,719,875	11,036,958
Others	4,460	1,504
Over time		
Revenue from operation and management services	56,570,342	56,058,259
	400,620,672	419,170,407

5. Investment income

	2022	2021
Income from long-term equity investments under cost method	357,444,687	208,304,364
Income from long-term equity investments under equity method	17,568,910	21,114,718
Distribution on other non-current financial assets	2,800,000	-
	377,813,597	229,419,082

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Yang Tan (*acting as the Chairman of the Board, General Manager*)
Mr. Luo Dan
Mr. Ding Dapan

Non-executive Directors

Mr. Xiao Jun (*Chairman of the Board, resigned*)
Ms. Wu Haiyan
Mr. Yang Bin

Independent non-executive Directors

Mr. Leung Chi Hang Benson
Mr. Qian Yongjiu
Mr. Wang Peng

JOINT COMPANY SECRETARIES

Mr. Zhang Guangwen
Ms. Kwong Yin Ping, Yvonne

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Leung Chi Hang Benson (*Chairman*)
Mr. Yang Bin
Mr. Wang Peng

NOMINATION COMMITTEE

Mr. Qian Yongjiu (*Chairman*)
Mr. Yang Tan
Mr. Wang Peng

REMUNERATION AND EVALUATION COMMITTEE

Mr. Wang Peng (*Chairman*)
Ms. Wu Haiyan
Mr. Qian Yongjiu

STRATEGY AND DEVELOPMENT COMMITTEE

Mr. Yang Tan (*Chairman*)
Mr. Leung Chi Hang Benson
Mr. Qian Yongjiu

SUPERVISORY COMMITTEE

Ms. Jiang Yan (*Chairlady of the Supervisory Committee*)
Mr. Zhang Chengyi
Mr. Zhang Yi
Ms. Xu Jingxian (*employee representative Supervisor*)
Mr. Chen Yong (*employee representative Supervisor*)

AUTHORISED REPRESENTATIVES

Mr. Luo Dan
Mr. Zhang Guangwen

AUDITOR

Ernst & Young Hua Ming LLP
Recognised Public Interest Entity Auditor

LEGAL ADVISERS

As to Hong Kong Law:

DLA Piper Hong Kong

As to PRC Law:

Tahota Law Firm (泰和泰律師事務所)

CORPORATE INFORMATION

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17/F
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKS

Bank of China
Chengdu Shudu Branch

Industrial and Commercial Bank
Sichuan Chengdu Jinniu Branch

Industrial and Commercial Bank
Chengdu Binjiang Sub-branch

China Construction Bank Chengdu No.1 Sub-branch

Industrial and Commercial Bank Sichuan Chengdu
Wuhouci Branch

REGISTERED OFFICE

9th Floor, Youyi Data Building
No. 28 Jingyuan East Road
Deyuan town (Jingrong town)
Pidu District
Chengdu, Sichuan
PRC

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN THE PRC

9th Floor, Chengnan Tianfu Building
No. 66 Shenghe 1st Road, High-Tech Zone
Chengdu, Sichuan
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

INVESTOR RELATIONS

Email: cggfdb@chengdugs.com
Tel: 86 28 86056036

LISTING PLACE

The Stock Exchange of Hong Kong Limited
Stock abbreviation: CHENGDU EXPWY
Stock Code: 1785

WEBSITE

www.chengdugs.com