

# Sichuan Expressway Company Limited



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

(Stock Code: 00107)

## 2024 ANNUAL REPORT



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# DEFINITIONS

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

## I. NAMES OF EXPRESSWAY PROJECTS

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



## DEFINITIONS (CONTINUED)

### II. BRANCHES, SUBSIDIARIES AND PRINCIPAL INVESTED COMPANIES

Airport Expressway Company	Chengdu Airport Expressway Company Limited
Chengbei Company	Chengdu Chengbei Exit Expressway Company Limited
Chengle Company	Sichuan Chengle Expressway Company Limited
Chengle Operation Branch	Operation and Management Branch of Sichuan Chengle Expressway Company Limited
Chengqiongya Company	Sichuan Chengqiongya Expressway Company Limited
Operation and Management Branch II	Sichuan Expressway Company Limited Operation and Management Branch II (formerly known as "Sichuan Expressway Company Limited Chengren Branch" and formerly abbreviated as "Chengren Branch")
Operation and Management Branch III	Sichuan Expressway Company Limited Operation and Management Branch III (formerly known as "Sichuan Expressway Company Limited Chengya Branch" and formerly abbreviated as "Chengya Branch")
Chengya Oil Company	Sichuan Chengya Expressway Oil Supply Company Limited
Chengyu Advertising Company	Sichuan Chengyu Expressway Advertising Company Limited
Operation and Management Branch I	Sichuan Expressway Company Limited Operation and Management Branch I (formerly known as "Sichuan Expressway Company Limited Chengyu Branch" and formerly abbreviated as "Chengyu Branch")
Chengyu Development Fund	Sichuan Chengyu Development Equity Investment Fund Centre (Limited Partnership)
Chengyu Logistics Company	Sichuan Chengyu Logistics Company Limited
Chengyu Private Equity Fund Company	Sichuan Chengyu Private Equity Fund Management Co., Ltd.
Chengyu Supply Chain Management Company	Sichuan Chengyu Xingshu Supply Chain Management Company Limited
Chengyu Yingchuang Investment	Chengdu Chengyu Yingchuang Equity Investment Partnership (Limited Partnership)
CSI SCE	CSI SCE Investment Holding Limited

## DEFINITIONS (CONTINUED)

Lushan Shuhan Company	Lushan County Shuhan Engineering Construction Management Co., Ltd.
Lushan Shunan Company	Lushan County Shunan Engineering Construction Project Management Co., Ltd.
Multimodal United Transportation Company	Sichuan Multimodal United Transportation Investment and Development Co., Ltd.
Renshou Shunan Company	Renshou Shunan Investment Management Company Limited
Rongcheng Second Ring Company	Sichuan Rongcheng Second Ring Expressway Development Co., Ltd.
Shudao Chengyu Investment Company	Sichuan Shudao Chengyu Investment Company Limited
Shudao New Energy Company	Sichuan Shudao New Energy Technology Development Co., Ltd.
Chengyu Xinneng Company	Sichuan Chengyu Xinneng Construction Co., Ltd.* (四川成渝新能建設有限公司) (formerly known as “Chengdu Shuhong Property Company Limited” and formerly abbreviated as “Shuhong Company”)
Shunan Chengxing Company	Ziyang Shunan Chengxing Project Construction & Management Co., Ltd.
Shunan Company	Sichuan Shunan Investment Management Company Limited
Shuxia Company	Sichuan Shuxia Industrial Company Limited
Suiguang-Suixi Company	Sichuan Suiguang-Suixi Expressway Company Limited
Zhonglu Energy Company	Sichuan Zhonglu Energy Company Limited
Zhongxin Company	Sichuan Zhongxin Assets Management Co., Ltd.

## DEFINITIONS (CONTINUED)

### III. OTHERS

2024 AGM	the 2024 annual general meeting of the Company to be convened on 22 May 2025 (Thursday)
A Share(s)	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are issued in the PRC, subscribed for in RMB and listed on the SSE
Articles of Association	the articles of association of the Company, as amended from time to time
associated corporation(s)	has the meaning ascribed thereto under the SFO
Audit Committee	the audit committee under the Board
Board	the board of Directors
BOT Project	build-operation-transfer project
BT Project	build-transfer project
Chengle Expansion Construction Project Pilot Section	expansion construction project of pilot section (from Qinglongchang to Meishan) of Sichuan Chengle Expressway
Chengle Expressway Capacity Expansion Construction Project	Capacity Expansion Construction Project for Chengdu to Leshan Expressway
China Everbright Bank	China Everbright Bank Company Limited
China Merchants Expressway Company	China Merchants Expressway Network and Technology Holdings Co., Ltd., the substantial shareholder of the Company
Chuanshang Fund	Hainan Chuanshang No. 12 Private Fund Center (Limited Partnership)
Company	Sichuan Expressway Company Limited, a joint-stock company incorporated in the PRC, whose H shares are listed on the Main Board of the Stock Exchange (stock code: 00107) and A shares are listed on the SSE (stock code: 601107)
CSRC	China Securities Regulatory Commission
Director(s)	director(s) of the Company

## DEFINITIONS (CONTINUED)

Dividend Entitlement Date	12 June 2025 (Thursday), the date on which the Shareholders whose names appear on the H Shares register of member of the Company shall be entitled to the 2024 final dividend of the Company (if approved by the Shareholders at the 2024 AGM)
ESG	environment, society and governance
Group	the Company and its subsidiaries
H Share(s)	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are issued in Hong Kong, subscribed for in Hong Kong dollars and listed on the Main Board of the Stock Exchange
HK\$	Hong Kong dollar(s), the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange and/or the Rules Governing the Listing of Securities on the SSE (as the case may be)
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules on the Stock Exchange, which has been adopted by the Company as the code of conduct for securities transactions by the Directors and the Supervisors of the Company
NFRA	National Financial Regulatory Administration
Nomination Committee	the nomination committee under the Board
PPP	Public-Private Partnership, a form of cooperation between the government and social capital
PRC or Mainland China	the People's Republic of China, for the purpose of this annual report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, the PRC
Remuneration and Appraisal Committee	the remuneration and appraisal committee under the Board
RMB	Renminbi, the lawful currency of the PRC
Road & Bridge International	Road & Bridge International Co., Ltd, a company incorporated in the PRC
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

## DEFINITIONS (CONTINUED)

Share(s)	A Share(s) and/or H Share(s) (as the case may be)
Shareholder(s)	registered holder(s) of the Share(s)
Shudao Expressway	Sichuan Shudao Expressway Group Co., Ltd.
Shudao Financial Leasing Company	Shudao Financial Leasing (Shenzhen) Company Limited, (formerly known as “Chengyu Financial Leasing Company Limited” with former abbreviation “Chengyu Financial Leasing Company”)
Shudao Group	Shudao Investment and its subsidiaries (other than the Group)
Shudao Investment	Shudao Investment Group Co., Ltd., the controlling shareholder of the Company
Sichuan Communication	Sichuan Communications Network Technology Company Limited
Sichuan Expressway Construction and Development	Sichuan Expressway Construction & Development Group Co., Ltd.
SSE	Shanghai Stock Exchange
STIG	Sichuan Transportation Investment Group Corporation Limited
STIG Group	STIG and its subsidiaries
Stock Exchange	The Stock Exchange of Hong Kong Limited
Strategic Committee	the strategic committee under the Board
Supervisor(s)	supervisor(s) of the Company
Supervisory Committee	supervisory committee of the Company
Tianqiong Expressway BOT Project	the project of Chengdu Tianfu New District to Qionglai Expressway in the form of BOT (build–operate–transfer)
Transportation Construction Company	Sichuan Transportation Construction Group Co., Ltd.
Year or Reporting Period	the 12 months ended 31 December 2024

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



# CORPORATE INFORMATION

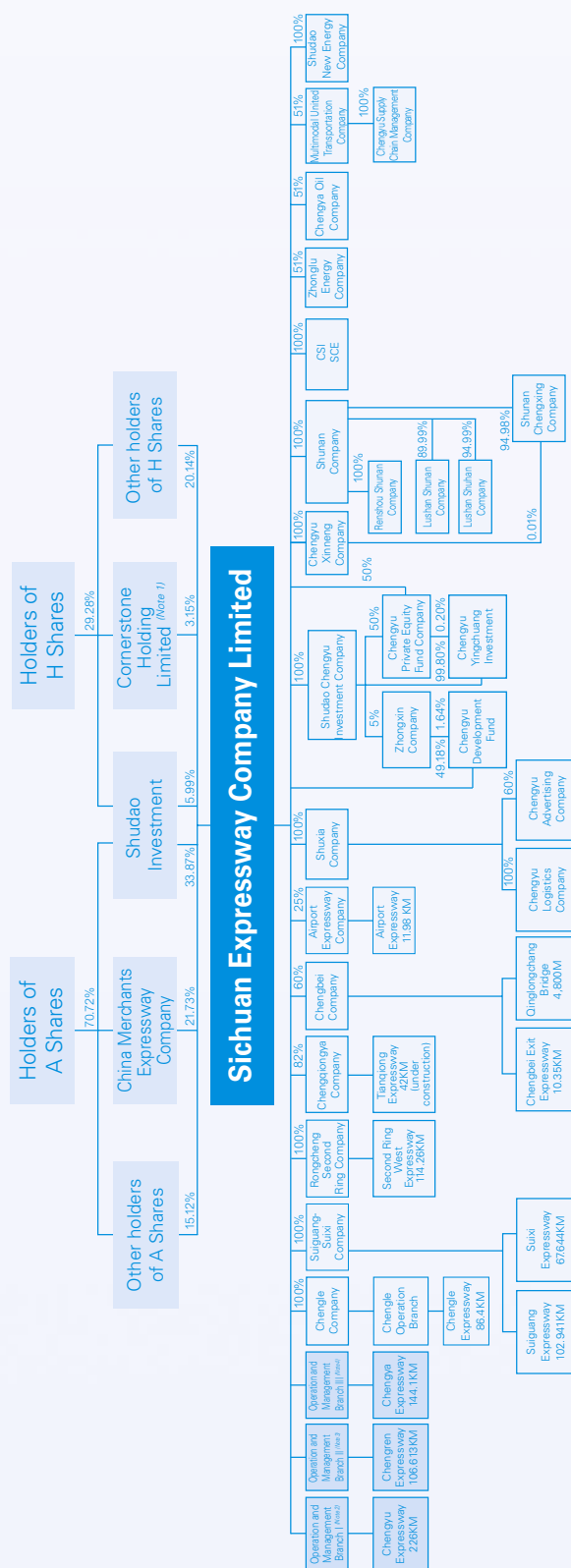
<b>Statutory Chinese and English Names of the Company</b>	四川成渝高速公路股份有限公司 Sichuan Expressway Company Limited
<b>Legal Representative</b>	Luo Zuyi
<b>Company's Website</b>	<a href="http://www.cygs.com">http://www.cygs.com</a>
<b>Company's Registered Address and Office Address</b>	No. 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC
<b>Postal Code</b>	610041
<b>Secretary to the Board</b>	Yao Jiancheng
<b>Tel</b>	(86) 28-8552-7504
<b>Joint Company Secretaries</b>	Yao Jiancheng and Wong Wai Chiu
<b>Representative of Securities Affairs</b>	Qiu Zhu
<b>Tel</b>	(86) 28-8552-7109
<b>Fax</b>	(86) 28-8553-0753
<b>Investors' Hotline</b>	(86) 28-8552-7109
<b>E-mail Address</b>	db@cygs.com
<b>Contact Address</b>	No. 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC
<b>Stock Exchanges of the Listing Shares</b>	<div> A Shares: Shanghai Stock Exchange  Stock Code: 601107  Stock Name: Sichuan Express  H Shares: The Stock Exchange of Hong Kong Limited  Stock Code: 00107  Stock Name: Sichuan Express </div>

## CORPORATE INFORMATION (CONTINUED)

<b>Newspapers Selected by the Company for Information Disclosure</b>	China Securities Journal, Shanghai Securities News
<b>Websites Designated for Publication of the Annual Report of the Company</b>	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> <a href="http://www.cygs.com">http://www.cygs.com</a>
<b>Place for Inspection of the Annual Report of the Company</b>	PRC: No. 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC Hong Kong: Rooms 2201–2203, 22/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong
<b>International Auditor</b>	PricewaterhouseCoopers 22/F Prince's Building, Central, Hong Kong
<b>PRC Auditor</b>	BDO China Shu Lun Pan Certified Public Accountants LLP 18/F, Building 8, Tianfu Xingu, No. 399, West Section, Fucheng Avenue, Hitech District, Chengdu, Sichuan Province, the PRC
<b>Hong Kong Legal Adviser</b>	Li & Partners Rooms 2201–2203, 22/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong
<b>PRC Legal Adviser</b>	Beijing Zhongyin (Chengdu) Law Firm (北京市中銀(成都)律師事務所) 13th Floor, Block B, OCG International Center, No. 158 Tianfu 4th Avenue, GaoXin District, Chengdu, Sichuan Province, the PRC (中國四川省成都市高新區天府四街158號OCG國際中心B座13層)
<b>Domestic Shares Registrar and Transfer Office</b>	China Securities Depository and Clearing Corporation Limited Shanghai Branch No. 188 South Yanggao Road, Pudong New Area, Shanghai, the PRC
<b>Hong Kong Shares Registrar and Transfer Office</b>	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
<b>Principal Place of Business in Hong Kong</b>	Rooms 2201–2203, 22/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong
<b>Unified Social Credit Code</b>	9151000020189926XW
<b>Principal Banker</b>	China Construction Bank

The Company was incorporated in the Industry and Commerce Bureau of Sichuan Province of the PRC on 19 August 1997. The Company was listed on the Stock Exchange (stock code: 00107) on 7 October 1997 and on the SSE (stock code: 601107) on 27 July 2009, respectively. The Group is principally engaged in the investment, construction, operation and management of certain expressway projects in the province, green energy investment business and integrated development of resources along the routes. Currently, the Group mainly owns all or substantially all interests in a number of expressways in Sichuan Province such as Chengyu Expressway, Chengya Expressway, Chongle Expressway, Chengren Expressway, Chengbei Exit Expressway, Suixi Expressway, Suiguang Expressway, Second Ring (Western) Expressway and Tianqiong Expressway. As at 31 December 2024, the expressways mileage of the Group has reached approximately 9900km in total (including the total toll mileage of approximately 858 kilometers and the length of Tianqiong Expressway of approximately 42km, which have not yet been commenced toll collection), the length of expansion of Chengle Expressway (under construction), including the 86.4km of the original Chengle Expressway, was approximately 136.1km. The Group's total asset and net asset were approximately RMB61,032,031,000 and RMB19,495,626,000, respectively.

As at 31 December 2024, the total number of share capital of the Company is 3,058,060,000 Shares (including 895,320,000 H Shares and 2,162,740,000 A Shares), the shareholders and asset structure of the Company are as follows:



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

- (2) On 23 October 2024, the Company convened the 23th meeting of the eighth session of the Board, at which the Resolution on the Plan for the Regionalization and Integration of the Operation and Management Resources of Two Subsidiary Companies was considered and approved, and agreed to carry out the regionalization and integration of the operation and management resources of Chengyu Branch and Suiguang Suixi Company without any change in the shareholding relationship of the two companies. On 24 October 2024, Chengyu Branch was renamed as Operation and Management Branch I. Operation and Management Branch I is responsible for the investment, construction and operation management of the Chengdu-Chongqing Expressway, Suiguang-Suixi Expressway and their ancillary facilities.

## COMPANY PROFILE (CONTINUED)

- (3) On 24 January 2025, the Company convened the 30th meeting of the eighth session of the Board, at which the Resolution on the Plan for the Regionalization and Integration of the Operation and Management Resources of Two Subsidiary Companies was considered and approved, and agreed to carry out the regionalization and integration of the operation and management resources of Chengren Branch and Rongcheng Second Ring Company without any change in the shareholding relationship of the two companies. On 10 March 2025, Chengren Branch was renamed as Operation and Management Branch II. Operation and Management Branch II is responsible for the investment, construction and operation management of Chengren Expressway, Second Ring West Expressway and their ancillary facilities.
- (4) On 24 January 2025, the Company convened the 30th meeting of the eighth session of the Board, at which the Resolution on the Plan for the Regionalization and Integration of the Operation and Management Resources of Three Subsidiary Companies was considered and approved, and agreed to carry out the regionalization and integration of the operation and management resources of Chengya Branch, Chengle Operation Company and Chengqiongya Company without any change in the shareholding relationship. On 20 March 2025, Chengya Branch was renamed as Operation and Management Branch III. Operation and Management Branch III is responsible for the investment, construction and operation management of Chengya Expressway, Chengle Expressway, Tianqiong Expressway and their ancillary facilities.

### 本集團轄下高速公路路網示意圖 Road Network of the Group's Expressways



# CHAIRMAN'S STATEMENT

I would like to report on behalf of the Board to the Shareholders. The year 2024 is a pivotal year for the Company to achieve the objectives of the "14th Five-Year Plan". Faced with a complex international situation and market environment, the Group maintained its determination, overcame difficulties, earnestly implemented various strategic plans, adhered to reform and bottom line, fully committed to pushing for performance and development, substantially raising the standard of high-quality development and actively contributing to the upturn of the local economy.

## RESULTS AND DIVIDENDS

In 2024, the Group's profit attributable to the owners of the Company was approximately RMB1,449,447,000, representing a year-on-year increase of approximately 21.72%. Basic earnings per share were approximately RMB0.474 (2023: approximately RMB0.389). In accordance with the provisions in the Articles of Association, if the Company distributes cash dividend, the sum of such cash dividend shall not be less than 30% of the profit available for distribution to the Shareholders recorded by the Company for the period concerned (the lower of the profit available for distribution to the Shareholders under PRC accounting standards and that under foreign accounting standards). To reward and thank the Shareholders for their continued support to the Group, the Board has recommended a final cash dividend for the year 2024 of RMB0.29 per share (tax inclusive), aggregating to approximately RMB886,837,000, representing 65.13% of the profit available for distribution to the Shareholders recorded by the Company for the year in accordance with the PRC accounting standards and 60.79% of the profit attributable to the owners of the Company (calculated under the PRC accounting standards) as shown in the consolidated financial statements of the Company. The proposed dividend is subject to approval at the forthcoming 2024 Annual General Meeting of the Company.

## REVIEW

**Macroeconomics making steady progress with better quality and efficiency.** In 2024, in the face of a complex and ever-changing domestic and international environment, the State continued to strengthen macro-control, and focused on deepening reform and opening up, expanding domestic demand and optimising structure, showing a trend of overall stability while making steady progress with better quality and efficiency in economic operation. The annual GDP reached RMB134.91 trillion, representing an increase of 5% at constant prices over the previous year. The added value of the service industry was RMB76.56 trillion, representing an increase of 5.0%<sup>1</sup> over the previous year. During the year, Sichuan Province made all-out efforts to boost the economy and improve the construction, resolutely promoted high-quality development, people's livelihood was continuously strengthened with the social situation as a whole remaining stable, and successfully completed the main objectives and tasks throughout the year. The province's total GDP grew by 5.7%, representing 0.7 percentage point higher than the national average, with the overall economic scale reaching RMB6.4697 trillion, maintaining the 5th place in China. Fiscal revenue and expenditure continued to grow, driving both the quantity and quality of economic development. The total mileage of the province's expressways exceeded 10,000 kilometers<sup>2</sup>, with an additional operating mileage of 322 kilometers of railroads and 507 kilometers of newly constructed expressways.

<sup>1</sup> Source: National Bureau of Statistics

<sup>2</sup> Source: Sichuan Provincial People's Government Website



## CHAIRMAN'S STATEMENT (CONTINUED)

**Progressing with quality and breakthroughs in transportation.** In 2024, the transportation industry adhered to the general tone of seeking progress while maintaining stability, firmly safeguarding the bottom line of safe transportation development. The construction of the national comprehensive three-dimensional transportation network was advanced solidly, with continuous improvements in the quality and efficiency of transportation services, the capacity for innovation and development continued to strengthen, and the green and low-carbon transformation was accelerated. During the year, Sichuan Province's efforts to build a strong transportation province demonstrated a steady and progressive trend with improved quality. The province's mileage of expressways put into operation exceeded 10,000 kilometers, and annual investment in highway and waterway construction reached RMB268 billion. Since the start of the "14th Five-Year Plan", the investment in highway and waterway construction has surpassed RMB1 trillion, achieving a historic breakthrough of "Two Trillion"<sup>3</sup>. The pilot projects for building a strong transportation nation progressed in an orderly manner, with more robust transportation service guarantees, significantly improved transportation governance efficiency, and remarkable achievements in transportation technology innovation, making outstanding contributions to the province's economic and social development.

In 2024, the Company insisted on utilizing the advantages of the listing platform and industry experience, continuously explored the path of enterprise reform and development, strived to promote the preservation and appreciation of the value of state-owned assets, provided substantial returns for the Shareholders, and took the initiative to assume social responsibility, making positive contributions to the national and local economic development and transportation protection. As at the end of 2024, the Company maintained the highest AAA rating for both entities and bonds, and was awarded the highest AAA credit rating for expressway investors in Sichuan Province, and rated as one of the top 100 enterprises and top 100 service enterprises in Sichuan Province for consecutive years.

**Strengthening the foundation and expanding core businesses.** The traffic mileage of the Company's expressways has now exceeded 900 kilometers. In the development of the core business, the Company consistently adhered to the requirements of building a strong transportation province, honing its core competencies and enhancing its strategic advantages within the province's transportation industry, and ensuring that the safety and service quality remain at the forefront of the industry. The Company standardized engineering construction and implemented scientific road maintenance, achieving significant improvements in both construction and maintenance quality. A special team was established to attack the target of opening, ensuring both quality and progress while prioritizing safety and environmental protection. For the first time in the province, the Company fully implemented a cloud-based toll collection mode, with non-ETC lanes equipped with intelligent robots, significantly improving traffic efficiency. The derivative economy along the expressway centered around the main responsibility and main business with benign interaction and coordinated development, achieving dual growth in fuel sales volume and efficiency. The functionality and profitability of service areas improved markedly, and multimodal transportation incremental projects were implemented in an orderly manner.

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<sup>3</sup> Source: <https://jtt.sc.gov.cn/>

## CHAIRMAN'S STATEMENT (CONTINUED)

**Extending the chain and expanding the circle, and cultivating a strong momentum in the main business.** The Company continued to cultivate the green energy investment industry, effectively promoting the development of electric charging and swapping networks. In 2024, the Chengdu-Aba Electric Corridor achieved full line-through, helping Aba County to become the most comprehensive charging infrastructure in Aba Prefecture. The first batch of integrated photovoltaic storage and charging demonstration stations in Aba Prefecture was put into operation, and the first highway hydrogen refueling station in the province was built, further broadening the green energy demonstration scenario and breaking the new race track of photovoltaic, storage and hydrogen energy. The Company operated 289 electric charging and swapping stations, representing a year-on-year increase of more than 50%, and provided charging services for 3,325,000 electric vehicles throughout the year. The Company innovatively implemented differentiated charging according to peaks and valleys in different time slots and traffic volume in different areas, with annual revenue from charging and swapping business exceeding RMB100 million for the first time. The Company also developed three operational platforms, namely "Shudao Changchong (蜀道暢充)", monitoring and dispatching, and AI-based inspection, enhancing safety assurance capabilities and operation and maintenance service quality. By leveraging production, education, research and application, co-creation and co-sharing, the Company expanded new scenarios, products and services in transportation-energy integration, transforming research outcomes into commercial benefits.

**Improving quality and creating efficiency with steady progress in major projects.** In terms of capital operations, the Company focused on available capacity to enhance the increment, actively advanced projects including the Jingyi Acquisition and the China Merchants Expressway REIT Fund Subscription, and practically enhanced the investment capabilities. Stock prices in Shanghai and Hong Kong hit record highs, increasing by over 24% and 58%, respectively, temporarily addressing the long-standing issue of A-share undervaluation. In terms of project construction, the Company newly built Tianfu Hinterland Channel, with the main line of 42 kilometers of Tianqiong and target section of 5 kilometers of Chengle Expansion opened to traffic and put into operation. The Baosheng Section of 7.82 kilometers of the Dachuan Tourism Highway Project completed delivery and acceptance and opened to traffic. The quality inspection standards for dense-beam steel composite bridges were approved by the Department of Transportation, and two independent R&D projects, namely intelligent welding equipment and binocular recognition detection systems, were included in the Sichuan Transportation New Quality Productivity Achievements Compendium.

## CHAIRMAN'S STATEMENT (CONTINUED)

**Governance innovation and continuous eruption of corporate vitality.** The Company thoroughly engaged in deepening and enhancing the action for the reform of state-owned enterprises, making standardized governance the foundation for stable operation and sustainable development; continuously improved the supporting system of corporate governance, perfect the governance system and enhance the comprehensive quality and efficiency; achieved a comprehensive reduction in financial expenses by strictly controlling maintenance inputs, public expenses and labor costs; actively promoted regional integration and specialized restructuring, fully implemented intensive and flat management to optimize human resource allocation and reshape organizational structure; and implemented the strategy of strengthening the enterprise through talent, insisted on talent-led development, deepened internal reform, innovated incentive mechanism, and focused on cultivating existing talent and attracting high-level professionals, continuously injecting new vitality into the development of the enterprise.

**Strengthening prevention and building a robust foundation for risk control.** The Company comprehensively enhanced risk analysis and judgment capability across various dimensions, including safety and environmental protection, legal risks, compliance and internal control and financial risks, thereby comprehensively reinforcing risk prevention and control efforts; adhered to bottom line and red line, strengthened the management of pollution at operational sites and safeguarded a green environment; insisted on the principle of governing the enterprise according to law, continuously standardized regulatory frameworks, critical economic contracts, significant business decisions and other legal review procedures; and formulated an action plan for the comprehensive improvement of compliance and internal control covering 130 work processes, ensuring that all businesses operate stably within the framework of the system. Relying on the digital platform, the Company further promoted the standardization of financial processes and enhanced the compliance of data entry and review.

## CHAIRMAN'S STATEMENT (CONTINUED)

### OUTLOOK AND STRATEGY

The year 2025 is a closing year for the “14th Five-Year Plan”, a momentous year for the “15th Five-Year Plan”, and also a critical year for the Company to strengthen the core functions and enhance the core competitiveness. Faced with a complex environment, we must proactively strive for progress, identify our functions and positioning, and advance steadily while seizing opportunities.

**In terms of macroeconomic environment,** the adverse impacts brought by changes in the external environment have deepened, and China's economic operation still faces numerous difficulties and challenges, which is mainly due to the lack of domestic demand, the difficulties in production and operation of some enterprises, the pressure on employment and income growth for the public, and a relatively high level of risk exposures. However, China's economy has a solid foundation, numerous advantages, strong resilience and significant potential, and the long-term favorable supporting conditions and basic trend remain unchanged. In 2025, the State will adhere to the general tone of seeking progress while maintaining stability, fully, accurately and comprehensively implement the new development concept, accelerate the construction of a new development pattern, vigorously promote high-quality development, further to deepen reforms comprehensively, expand high-level external opening, build a modernized industrial system, better coordinate development and security, implement more proactive macro policies, expand domestic demand, promote the integration of technological and industrial innovation, stabilize the property and stock markets, prevent and resolve risks in key areas and external shocks, stabilize expectations and stimulate vitality, promote a sustained economic recovery, continuously improve people's living standards, maintain social harmony and stability, face up to difficulties and maintain confidence, strive to turn positive factors in all aspects into development achievements, and complete the objectives and tasks of the “14th Five-Year Plan” in high quality, so as to lay a solid foundation for a sound beginning of the “15th Five-Year Plan”.

## CHAIRMAN'S STATEMENT (CONTINUED)

**In terms of regional economy development,** Sichuan Province will actively participate in and serve for creation of the new development pattern, solidly promote the construction of Chengdu-Chongqing Economic Circle, deeply implement the provincial party committee's development strategy of "Four Modernizations, Urban-Rural Integration, Co-prosperity in Five Areas", make concerted efforts to boost the economy and promote construction, develop new quality productive forces in accordance with local conditions, resolutely promote high-quality development, pay more attention to expanding domestic demand, supporting industries, reforming and opening up, coordinating development, improving people's livelihoods, better coordinating development and security; seize opportunities such as the construction of national strategic hinterland, the Western Development Strategy in the New Era, and the Chengdu-Chongqing Economic Circle, and leverage national policy support, unique scientific and educational resources, industrial foundations and market potential, focus on accelerating the transformation into new advantages driven by scientific and technological innovation, the development of new quality productive forces, and the emergence of emerging industries, so as to promote a sustained economic recovery, complete the objectives and tasks of the "14th Five-Year Plan" in high quality, and strive to write a new chapter of Chinese-style modernization in Sichuan.

**In terms of industry development prospects,** the traffic and transportation work will be closely linked to the strategic goal of a strong transportation country, and pay more attention to stabilizing effective investment, reduce costs and improve quality and efficiency, comprehensively deepen the reform, develop new quality productive forces, and ensure the safety and stability. In 2025, the transportation system in Sichuan Province will seize the opportunity and firm confidence to accelerate the construction of a strong transportation province. The investment in highway and waterway transportation is higher than last year, striving to complete an investment of RMB280 billion; and having 1,000 kilometers of newly constructed expressway with 900 kilometers completed, 1,600 kilometers of mainline at the national and provincial level and 10,000 kilometers of rural roads newly reconstructed, as well as 3 new major channels into and out of Sichuan<sup>4</sup>. Efforts will be made to realize five goals of grasping development, optimizing road network, benefiting people's livelihood, strengthening industries and guaranteeing safety, with high-level support for the implementation of major strategies, high-quality progress for the improvement of road network, high-level efficiency in promoting cost reduction and efficiency improvement, high-quality and efficiency in developing new quality productive forces, and high-standard assurance of industry safety and stability.

**In terms of the Company's development,** in 2025, the Company will uphold the development concept of "safety first, quality foremost, people's livelihoods as priority and profit-oriented", focus on main responsibilities and main businesses, enhance core functions, and improving core competitiveness, play a greater role in capital operations, fundraising and optimizing asset structure, drive industrial upgrades through new quality productive forces, and inject vitality through further reforms. By balancing development and safety, breaking conventional patterns, and striving for excellence, we will collectively secure the successful conclusion of the "14th Five-Year Plan" and lay a solid foundation for a sound beginning of the "15th Five-Year Plan". Key priorities include: The Company will focus on the following aspects:

<sup>4</sup> Source: <https://jtt.sc.gov.cn/>

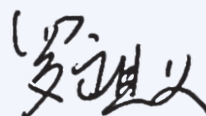


## CHAIRMAN'S STATEMENT (CONTINUED)

Firstly, concentrating on the main responsibility and main business. With the fundamental direction of enhancing the core competitiveness of the main business, focus on project investment and construction, service guarantee and internal interaction, insist on investing roads, repairing roads and maintaining roads, continuously strengthen advantages of the main business, and strengthen and enlarge the expressway segment; secondly, optimizing the integrated energy industry. Carry out in-depth integration of traditional energy and new energy industries. On the one hand, steadily improve the operating efficiency of traditional energy, on the other hand, vigorously develop the green energy industry, ensuring a stable foundation for traditional energy and orderly transitions to new energy; thirdly, prioritizing the development of derivative economy along the expressway. Continuously optimize service area designs, refine business models within service areas, vigorously develop multimodal transportation and other businesses outside the road network, foster industrial synergies and value chain integration; fourthly, continuously increase efforts on capital operation. Focus on the expressway industry chain to identify high-quality projects through multi-channel screening, and accelerate internal market investment coordination and external market industrial incubation, mergers and integration of production and research; fifthly, emphasizing reform effectiveness. Continuously drive reforms in organizational structure, salary distribution, performance evaluation and human resource allocation, aligning with the Company's developmental needs, bottlenecks, and capabilities to unleash endogenous vitality of the enterprise's development; sixthly, Continuously enhancing control capabilities. Strengthen financial and capital management, and continue to improve the Company's compliance internal control systems and corporate governance system; seventhly, perform risk management and control. Coordinate the integrated supervision and management of safety production, ecological environment protection and occupational health, strengthen system construction and informationized control, and resolutely guard bottom line and red line.

## ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to express my heartfelt gratitude to all investors, clients, business partners and the public for their support and trust, and my sincere appreciation to our Directors, Supervisors, management and staff for their hard work over the past year.



**Luo Zuyi**  
Chairman

Chengdu, Sichuan Province, the PRC  
28 March 2025

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## I. BUSINESS REVIEW AND ANALYSIS

### (I) Results overview

The Group is principally engaged in the investment, construction, operation and management of certain expressway projects in the province, green energy investment business and integrated development of resources along the routes. In 2024, in the face of a complex and severe situation of intensifying external pressure and increasing internal difficulties, the national economy remained generally stable with steady progress, achieving new progress in high-quality development. Confronted with multiple adverse factors arising from insufficient domestic demand, the Group intensified efforts to advance project construction, enhance management capabilities and reduce costs and increase efficiency, striving to create development outcomes and achieving growth across various economic indicators.

The net revenue of the Group amounted to approximately RMB10,247,400,000 this year, representing a year-on-year decrease of approximately 11.51%. In particular, the expressway segment achieved net revenue of approximately RMB4,777,135,000, representing a year-on-year increase of approximately 1.18%; the new energy technology segment achieved net revenue of approximately RMB114,056,000, representing a year-on-year increase of approximately 75.89%; the transportation services segment achieved net revenue of approximately RMB2,266,635,000, representing a year-on-year increase of approximately 15.66%; the transportation logistics segment achieved net revenue of approximately RMB283,740,000, representing a year-on-year decrease of approximately 60.53%; the construction services segment achieved net revenue of approximately RMB2,805,834,000, representing a year-on-year decrease of approximately 31.83%. The profit attributable to the owners of the Company was approximately RMB1,449,447,000, representing a year-on-year increase of 21.72%. Basic earnings per share were approximately RMB0.474 (2023: approximately RMB0.389). As at 31 December 2024, the Group's total assets amounted to approximately RMB61,032,031,000 and net assets amounted to approximately RMB19,495,626,000.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

During the Reporting Period, the revenue and profit of the major subsidiaries are as follows:

	Revenue for 2024 (RMB '000)	Year-on-year increase/ (decrease) in revenue for 2024 (%)	Profit/(loss) for 2024 (RMB '000)	Year-on-year increase/ (decrease) in profit/(loss) for 2024 (%)
Operation and Management Branch I <sup>(Notes 1, 2)</sup>	854,520	4.20	331,042	22.05
Operation and Management Branch II <sup>(Notes 1, 3)</sup>	863,469	(7.13)	377,799	1.54
Operation and Management Branch III <sup>(Notes 1, 4)</sup>	1,050,781	1.01	534,702	10.86
Chengle Company <sup>(Note 5)</sup>	626,274	16.81	362,940	29.28
Chengbei Company <sup>(Note 6)</sup>	103,297	(4.58)	48,017	38.45
Suiguang-Suixi Company <sup>(Note 7)</sup>	441,396	(0.17)	(228,418)	18.13
Rongcheng Second Ring Company <sup>(Note 8)</sup>	837,397	(3.21)	16,498	(37.02)
Shunan Company <sup>(Note 9)</sup>	6,235	N/A	(28,530)	44.71
Renshou Shunan Company <sup>(Note 10)</sup>	–	N/A	16,908	(8.36)
Shunan Chengxing Company <sup>(Note 11)</sup>	8,525	290.52	8,387	468.50
Lushan Shuhan Company <sup>(Note 12)</sup>	83,240	(26.22)	(9,400)	(4,576.19)
Lushan Shunan Company <sup>(Note 13)</sup>	21,266	(13.15)	1,064	(26.06)
Chengyu Xinneng Company <sup>(Note 14)</sup>	41,350	(29.38)	702	(45.79)
Shuxia Company <sup>(Note 15)</sup>	119,306	1.92	29,795	24.68
Chengyu Advertising Company <sup>(Note 16)</sup>	5,307	(37.07)	1,324	1.46
Chengyu Logistics Company <sup>(Note 17)</sup>	–	N/A	(21,583)	N/A
Intermodal Transportation Company <sup>(Note 18)</sup>	53,723	(81.38)	24,380	8,136.49
Chengyu Supply Chain Management Company <sup>(Note 19)</sup>	280,460	(34.96)	(1,810)	(104.55)
Shudao Chengyu Investment Company <sup>(Note 20)</sup>	–	N/A	353	134.61
Chengya Oil Company <sup>(Note 21)</sup>	827,043	27.87	56,124	35.54
Zhonglu Energy Company <sup>(Note 22)</sup>	1,258,448	5.86	64,928	44.94
Shudao New Energy Company <sup>(Note 23)</sup>	117,324	80.75	(2,239)	93.00
Chengyu Private Equity Fund Management Company <sup>(Note 24)</sup>	47	235.71	(1,966)	3.77
CSI SCE <sup>(Note 25)</sup>	–	N/A	(8,063)	(153.41)
Chengdu-Chongqing Yingchuang Company <sup>(Note 26)</sup>	–	N/A	(32)	(146.15)

**Note 1:** When calculating the profits of Operation and Management Branch I, Operation and Management Branch II and Operation and Management Branch III, the impact of income tax (15%) was taken into account.

**Note 2:** Operation and Management Branch I recorded an increase of RMB34,411,000 or 4.20% in the toll income for the year as compared with that of last year, and recorded an increase of RMB59,817,000 or 22.05% in the profit for the year as compared with that of last year, mainly due to the increase in toll income as a result of the traffic control on certain vehicles for the events held in Chengdu in July last year, which did not occur in the same period this year, and the decrease in operating costs as a result of rational cost control by the Company, which in aggregate resulted in an increase in the profit.

**Note 3:** Operation and Management Branch II recorded a decrease of RMB66,295,000 or 7.13% in the toll income for the year as compared with that of last year, and recorded an increase of RMB5,726,000 or 1.54% in the profit for the year as compared with that of last year, mainly due to the decrease in toll income as a result of the diversion of traffic from several neighbouring road networks, the decrease in finance expenses as a result of the reduction in the principal amount of the syndicated loan and the decrease in operating costs as a result of rational cost control by the Company, which in aggregate resulted in the profit remaining at the same level as compared with that of last year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- Note 4:* Operation and Management Branch III recorded an increase of RMB10,510,000 or 1.01% in the toll income for the year as compared with that of last year, and recorded an increase of RMB52,380,000 or 10.86% in the profit for the year as compared with that of last year, mainly due to the fact that the toll income of the Company remained at the same level as compared with that of last year and the decrease in operating costs as a result of rational cost control by the Company, which in aggregate resulted in an increase in the profit.
- Note 5:* Chengle Expressway recorded an increase of RMB90,146,000 or 16.81% in the toll income for the year as compared with that of last year, and recorded an increase of RMB82,203,000 or 29.28% in the profit for the year as compared with that of last year, mainly due to the fact that certain road sections were half closed for capacity expansion construction last year while no similar construction was carried out in the same period this year, and such road sections were expanded from two-way four-lanes to two-way eight-lanes, which in aggregate resulted in an increase in traffic volume as compared with that of last year and a corresponding increase in revenue and profit.
- Note 6:* Chengbei Branch recorded a decrease of RMB4,959,000 or 4.58% in the toll income for the year as compared with that of last year, and recorded an increase of RMB13,335,000 or 38.45% in the profit for the year as compared with that of last year, which was mainly due to the amortisation of the concession right of the road section on 30 June 2024, the original toll expiry date, which resulted in a decrease in the accumulated amortisation for the year as compared with that of last year, leading to an increase in the profit for the year.
- Note 7:* Suiguang-Suixi Expressway recorded a decrease of RMB50,573,000 or 18.13% in the loss for the year as compared with that of last year, mainly due to the decrease in financing costs as a result of the reduction of the principal amount of the borrowings and the interest-rate cut, as well as the decrease in operating costs as a result of rational cost control by the Company, which in aggregate resulted in the decrease of loss in respect of the profit for the year.
- Note 8:* Rongcheng Second Ring Company recorded a decrease of RMB27,769,000 or 3.21% in the toll income for the year as compared with that of last year, mainly due to the decrease in traffic volume as compared with that of last year as a result of the impact of the economic environment and the decline in production capacity of related companies, resulting in the decrease in income; at the same time, the decrease in finance costs due to the reduction in the principal amount of borrowings and the decrease in interest rates benefited from the current year, which offset part of the adverse effect brought about by the decline in revenue, and the Company's overall profitability decreased by RMB9,699,000 or 37.02%, as compared with that of the previous year.
- Note 9:* Shunan Company recorded an increase of RMB6,235,000 in the income for the year as compared with that of last year, and recorded a decrease of RMB23,074,000 or 44.71% in the loss for the year as compared with that of last year, mainly due to the increase in interest income from shareholders' borrowings as a result of the increase in principal amount of shareholders' borrowings provided to its subsidiaries.
- Note 10:* Renshou Shunan Company recorded a decrease of RMB1,543,000 or 8.36% in the profit for the year as compared with that of last year, mainly due to the decrease in interest income as a result of the increase in payment collection of BT Project and the decrease in the interest-bearing base (unrecovered principal).
- Note 11:* Shunan Chengxing Company recorded an increase of RMB6,342,000 or 290.52% in the income for the year as compared with that of last year, and recorded an increase of RMB10,663,000 or 468.50% in the profit for the year as compared with that of last year, mainly due to the significant increase in revenue from PPP Project as compared with that of last year.
- Note 12:* Lushan Shuhan Company recorded a decrease of RMB29,589,000 or 26.22% in the income for the year as compared with that of last year, and recorded a decrease of RMB9,610,000 or 4,576.19% in the profit for the year as compared with that of last year, mainly due to the decrease in the income from the output value as a result of the decrease in the output value of the projects as compared with that of last year.
- Note 13:* Lushan Shunan Company recorded a decrease of RMB3,219,000 or 13.15% in the income for the year as compared with that of last year, and recorded a decrease of RMB375,000 or 26.06% in the profit for the year as compared with that of last year, mainly due to the decrease in the income from the output value as a result of the decrease in the output value of the projects as compared with that of last year.
- Note 14:* Chengyu Xinneng Company recorded a decrease of RMB17,202,000 or 29.38% in the income for the year as compared with that of last year, and recorded a decrease of RMB593,000 or 45.79% in the profit for the year as compared with that of last year, mainly due to the decrease in revenue from measurement of construction services for the year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- Note 15:* Shuxia Company recorded an increase of RMB2,249,000 or 1.92% in the income for the year as compared with that of last year, and recorded an increase of RMB5,897,000 or 24.68% in the profit for the year as compared with that of last year, mainly due to the year-on-year increase in income and gross profit from the leasing of gas stations and leasing of service areas as compared with last year, which in aggregate resulted in a corresponding increase in revenue and profit of Shuxia Company.
- Note 16:* Chengyu Advertising Company recorded a decrease of RMB3,126,000 or 37.07% in the income for the year as compared with that of last year, mainly due to the decrease in revenue from advertising business as a result of the year-on-year decline in the rate of advertising media release and the release price as affected by the economic downturn; and recorded an increase of RMB19,000 or 1.46% in the profit for the year as compared with that of last year, mainly due to the decrease in the cost of advertising procurement business.
- Note 17:* Chengyu Logistics Company recorded a decrease of RMB21,583,000 in the profit for the year as compared with that of last year, mainly due to the expenditure adjustments of prior period's expenses based on the status of the project.
- Note 18:* Intermodal Transportation Company recorded a decrease of RMB234,726,000 or 81.38% in the income for the year as compared with that of last year, mainly due to the transfer of the North-South Grain Transportation Project to Chengyu Supply Chain Management Company for operation, resulting in the decrease of income; and recorded an increase of RMB24,084,000 or 8136.49% in the profit for the year as compared with that of last year, mainly due to the collection of payments in advance for the Qianwei sand and gravel project and part of the performance bond, and the reversal of impairment losses provided for in the previous year, as well as the interest income from the shareholders' borrowings provided to its subsidiary, Chengyu Supply Chain Management Company.
- Note 19:* Chengyu Supply Chain Management Company recorded a decrease of RMB150,772,000 or 34.96% in the income for the year as compared with that of last year, mainly due to the decline in sales volume of the North-South Grain Transportation Project as affected by the economic downturn; and recorded a decrease of RMB41,612,000 or 104.55% in the profit for the year as compared with that of last year, mainly due to the reversal of impairment losses provided for in the previous year, which did not occur this year.
- Note 20:* Shudao Chengyu Investment Company recorded an increase of RMB1,373,000 or 134.61% in the profit for the year as compared with that of last year, mainly due to the appreciation in the fair value appraisal of Chuanshang Fund it held.
- Note 21:* Chengya Oil Company recorded an increase of RMB180,281,000 or 27.87% in the income for the year as compared with that of last year, and recorded an increase of RMB14,717,000 or 35.54% in the profit for the year as compared with that of last year, mainly due to the increase in retail sales volume of refined oil.
- Note 22:* Zhonglu Energy Company recorded an increase of RMB69,686,000 or 5.86% in the income for the year as compared with that of last year, mainly due to the increase in sales volume of the direct sales of oil products; and recorded an increase of RMB20,132,000 or 44.94% in the profit for the year as compared with that of last year, mainly due to the increase in gross profit driven by the increase in retail sales volume of refined oil.
- Note 23:* Shudao New Energy Company recorded an increase of RMB52,414,000 or 80.75% in the income for the year as compared with that of last year, and recorded a decrease of RMB29,741,000 or 93.00% in the loss for the year as compared with that of last year, mainly due to the increase in revenue and gross profit from charging services, and the increase in trading and rental income as a result of the innovation of business model by introducing new energy partners, which in aggregate resulted in an increase in income and profit.
- Note 24:* Chengyu Private Equity Fund Management Company recorded an increase of RMB33,000 or 235.71% in the income for the year as compared with that of last year, and recorded a decrease of RMB77,000 or 3.77% in the loss for the year as compared with that of last year, mainly due to the increase in the fund management fee income and the addition of house rental income for the year.
- Note 25:* CSI SCE recorded a decrease of RMB23,159,000 or 153.41% in the profit for the year as compared with that of last year, mainly due to the recognition of a loss of RMB8,380,000 as a result of passive dilution of equity interests due to the non-participation in the capital increase of Shudao Financial Leasing Company, and the recognition of year-on-year decrease of investment income.
- Note 26:* Chengyu Yingchuang Investment recorded an increase of RMB19,000 or 146.15% in the loss for the year as compared with that of last year, mainly due to the increase in the fund management fee income.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### (II) Operation conditions of the expressways segment of the Group

During the Reporting Period, the operation conditions of the expressways under the Group were as follows:

Item	Shareholding percentage (%)	Average daily traffic flow (vehicles)			Toll income (RMB'000)		
		2024	2023	Increase/ (decrease) (%)	2024	2023	Increase/ (decrease) (%)
Chengyu Expressway	100	20,593	20,358	1.15	854,520	820,109	4.20
Chengya Expressway	100	38,476	38,606	(0.34)	1,050,781	1,040,271	1.01
Chengren Expressway	100	32,878	35,221	(6.65)	863,469	929,764	(7.13)
Chengle Expressway	100	39,725	35,519	11.84	626,274	536,128	16.81
Chengbei Exit Expressway (including Qinglongchang Bridge)	60	46,821	47,710	(1.86)	103,297	108,256	(4.58)
Suiguang Expressway	100	10,927	11,449	(4.56)	269,605	274,635	(1.83)
Suixi Expressway	100	9,387	9,106	3.09	171,791	167,509	2.56
Second Ring (Western) Expressway	100	26,639	/	/	837,398	865,166	(3.21)

*Note:* Pursuant to the announcement on the progress of the acquisition of 100% equity interest in Rongcheng Second Ring Company and the related party transaction of the Company published simultaneously on the websites of the SSE and the Stock Exchange on 5 May 2023, the Company has completed the transfer of equity interest in 2023 and has formally included Rongcheng Second Ring Company in the scope of the consolidated statements of the Company. Upon consolidation, the statistics source for traffic flow of Second Ring (Western) Expressway changes and therefore there is no comparable data for its average daily traffic flow.

In 2024, the toll income of the Group was approximately RMB4,777,135,000, representing an increase of approximately 0.74% as compared with last year. The percentage of the toll income to the Group's revenue was approximately 46.62%, representing an increase of approximately 5.67% when compared with 40.95% last year. During the Reporting Period, the following factors constituted combined effects on the operating performance of the Group's business of expressways:

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### 1. *Economic factors*

In 2024, the national economy remained generally stable with steady progress, achieving new progress in high-quality development and successfully accomplishing the major goals and tasks of economic and social development. China's gross domestic product (GDP) for 2024 was RMB134,908.4 billion, representing a year-on-year increase of 5.0% at constant prices and the value added of transportation, warehousing and postal services amounted to RMB5,923.2 billion, representing an increase of 7.0%<sup>5</sup> as compared with last year. With vigorous promotion of the construction of the Chengdu-Chongqing Economic Circle and the earnest implementation of the development strategy of "Four Modernizations, Urban-Rural Integration, Co-prosperity in Five Areas", Sichuan province's economic achieved stable improvement, steady progress, and quality enhancement. In 2024, Sichuan Province's regional GDP of amounted to RMB6,469.7 billion, representing an increase of 5.7%<sup>6</sup> as compared to last year at comparable prices. In the face of a stable and improving economic environment, the Group's toll income for the year increased by 0.74% year-on-year.

### 2. *Policy factors*

According to the Notice on Printing and Implementing the Work Plan of the Green Channel Policy for Fresh Agricultural Products Exported by Four Ministries (Chuan Jiao Han [2023] No. 233) 《關於印發貫徹落實國家四部委鮮活農產品運輸“綠色通道”政策工作方案的通知》(川交函[2023]233號)) issued by the Department of Transportation of Sichuan Province, and the overall deployment of the Notice on Further Improving the Service Level of the Green Channel Policy for Fresh Agricultural Products Transportation (Jiao Ban Gong Lu [2022] No. 78) 《關於進一步提升鮮活農產品運輸“綠色通道”政策服務水平的通知》(交辦公路[2022]78號)) issued by the General Office of the Ministry of Transportation and other four ministries, since 1 June 2023, the national unified Catalogue of Fresh Agricultural Products 《鮮活農產品品種目錄》) will be strictly implemented, and the export inspection standards of vehicles in compliance with the "green channel" policy will be standardized. Refrigerated trucks that do not meet the inspection standards will not enjoy the "green channel" policy.

<sup>5</sup> Source: the National Bureau of Statistics of China

<sup>6</sup> Source: the Sichuan Provincial Bureau of Statistics

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

On 31 March 2023, the Ministry of Transport, the National Railway Administration, the Civil Aviation Administration of China, the State Post Bureau, and China State Railway Group Co., Ltd. jointly issued the Five-year Action Plan for Accelerating the Building of a Nation with Strong Transportation (2023–2027) (《加快建設交通強國五年行動計劃(2023–2027年)》) (“Action Plan”). The Action Plan puts forward the action objectives and tasks for the next five years to accelerate the construction of a nation with strong transportation, insists on the basis of continuous improvement in the implementation of the “Two Outlines” and the “14th Five-Year Plan” series of transportation plans, and plans to promote the work of transportation in the “15th Five-Year Plan” period. The Action Plan aims to build a modernized comprehensive transport system that is safe, convenient, efficient, green and economical, and to achieve effective improvement in the quality and reasonable growth in the quantity of transport. The action objectives set in the Action Plan are that by 2027, the acceleration of the construction of a nation with strong transportation will have achieved phased results, new breakthroughs will have been made in the high-quality development of transportation, the construction of the “Four Excellence” will have achieved remarkable results, and significant progress will have been made in the construction of a modernized comprehensive transportation system. The construction of the “National 123 Travel Circle” and the “Global 123 Logistics Circle” will be accelerated, effectively serving and guaranteeing the opening of the construction of a modern socialist country in an all-round way.

According to the Notice of the General Office of the People's Government of Sichuan Province on Several Policy Measures for Continuously Consolidating and Enhancing the Good Momentum of Economic Recovery (Chuanban Gui [2024] No. 2) (《四川省人民政府辦公廳印發〈關於持續鞏固和增強經濟回升向好態勢若干政策措施〉的通知》(川辦規[2024]2號)), from 1 April 2024 to 31 December 2024, the toll discount for non-new energy trucks equipped with ETC on provincial highways would be increased from 5% to 6%, and the toll discount at night (23:00 to 6:00 the next day) would be increased from 6% to 8%; the toll discount for new energy trucks equipped with ETC on provincial highways would be increased from 5% to 20%, and the toll discount for container transport vehicles of international standard equipped with ETC on provincial highways would be increased from 30% to 60%. According to the Notice of the General Office of the Sichuan Provincial People's Government on Printing and Distributing the Several Policy Measures on Promoting a Sustained Economic Upturn (Chuanban Gui [2024] No.3) (《四川省人民政府辦公廳印發〈關於推動經濟持續回升向好的若干政策措施〉的通知》(川辦規[2024]3號)), the above preferential policies have been extended to 31 December 2025.

According to the Notice of the Sichuan Provincial Transportation Comprehensive Law Enforcement Team on Issuing the ‘Implementation Rules for Preferential Policies on Sichuan Provincial Expressway Tolls for Hydrogen Energy Vehicles’ (Chuanjiao Zongzhi [2024] No. 137) (《四川省交通運輸綜合行政執法總隊關於印發〈氢能車輛四川省高速公路通行費優惠政策實施細則〉的通知》(川交執[2024]137號)), starting from 6 November 2024, hydrogen energy vehicles equipped with and using ETC devices, and which have successfully registered with the Sichuan ETC public account, will be exempt from vehicle tolls when travelling on expressways within Sichuan Province.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### 3. *Factors in road network changes and road construction*

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

**Chengyu Expressway:** in mid-to-late July 2023, traffic control was implemented for both passenger vehicles and trucks in accordance with regulations due to the 31st World University Games. There was no traffic control impact during the same period this year, leading to an increase in traffic volume as compared to the previous year. On 29 September 2024, the opening of Chengdu Metro Line S3 (Ziyang Line) resulted in traffic diversion from Chengyu Expressway.

**Chengya Expressway:** Ehan (Mount Emei-Hanyuan) Expressway was officially opened to traffic on 29 December 2023 and was still in zero-rate operation from 29 December 2023 to 19 December 2024. During this period, some vehicles that traveled to Hanyuan or Xichang via Chengya-Yaxi may choose the Chengle-Lehan route, which will divert vehicles from Chengya Expressway.

**Chengren Expressway:** On 26 December 2023, Chengyi (Chengdu-Yibin) high-speed rail was opened, and diversified transportation methods intensified competition in the passenger transport market; on 23 March 2024, Renmuxin (Renshou—Muchuan—Xinshi) Expressway, the extended section of Chengren Expressway, commenced toll collection, and drivers and passengers may choose alternative routes in order to save toll costs; on 29 September 2024, the Gaomiaoshan ramp of Tianfu Airport Expressway Branch Line was opened. Vehicles that traveled to Western China International Expo City, Xinglong Lake and Tianfu Airport may choose such route. All of the above reasons will divert vehicles from Chengren Expressway.

**Chengle Expressway:** From 16 February 2023 to 5 July 2023, the section from Mianzhu North Hub Interchange to Guli Dam Interchange was closed to one-half from Chengdu to Leshan for expansion and construction, while no similar construction was implemented during the same period of the Year, and such road section was expanded from two-way four-lanes to two-way eight-lanes without any change in toll rate, which in aggregate resulted in an increase in traffic volume of Chengle Expressway as compared to the same period of last year.

**Suiguang Expressway:** The reconstruction project of the Guang'an Zaoshan to Wusheng section of National Highway 350 will be ready for traffic in May 2024. As Guang'an to Wusheng section is a local road with no tolls, so most vehicles travelling from Guang'an to Wusheng and from Wusheng to Guang'an will no longer choose to take the Suiguang Expressway, which will have a diversionary impact on the Suiguang Expressway.

**Chengbei Exit Expressway:** From 15 April 2024 to 7 November 2024, traffic control has been implemented on the Guanghan-Second Ring section of G5 Chengdu Mianyang Expressway due to reconstruction, leading to a decrease of the traffic volume on the Chengbei Exit Expressway compared to the same period last year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### (iii) major investment and financing projects of the Group

#### (1) *Chengle Expressway Expansion Construction Project*

The proposal in respect of investment in the expansion construction of Chengle Expressway and relevant matters was considered and approved at the extraordinary general meeting of the Company held on 30 October 2017. According to the opinion on approval of the project from the Ministry of Transport, the total mileage of the project was 130 kilometers, and the estimated total investment was approximately RMB22.16 billion. According to the Reply on Adjustment to the Approval of the Chengdu to Leshan Expressway Expansion Construction Project issued by the Sichuan Provincial Development and Reform Commission (Chuan Fa Gai Ji Chu [2022] No. 298) 《關於調整成都至樂山高速公路擴容建設項目核准事項的批覆》(川發改基礎[2022]298號)), the adjusted total mileage of the project was 136.1 kilometers and the estimated total investment was RMB25.15 billion. After the completion of the project, it will help ease the traffic pressure on Chengle Expressway, and improve the overall traffic capacity and service level of Chengle Expressway. On 27 November 2019, the established tasks for the Chengle Expansion Construction Project Pilot Section (Meishan – Qinglong) were completed and the pilot section was opened to two-way traffic. On 18 December 2019, the new Qinglong Toll Station of Chengle Expressway officially opened to traffic. On 2 August 2021, in order to standardize the approval procedures of PPP projects' inclusion and reclassification in the database, Chengdu Transportation Bureau has entered into the Investment Agreement for the Expansion Construction Project of Chengdu-Leshan Expressway and the Public-Private-Partnership (PPP) Project Contract for the Expansion Construction Project of Chengdu-Leshan Expressway with Chengle Company. On 27 January 2022, Meishan to Leshan section totalling 81 kilometers achieved two-way eight-lanes traffic. On 11 May 2023, Leshan city transit double-track section of Chengle Expressway Expansion Project was put into operation. From the commencement date of construction to 31 December 2024, an accumulated investment of approximately RMB13.572 billion had been invested in the Chengle Expansion Project.

#### (2) *Tianqiong Expressway BOT Project*

On 30 October 2019, the resolution in relation to the investment in the project of Chengdu Tianfu New Area to Qionglai Expressway was considered and approved by the Board. The consortium established by the Company and Road & Bridge International Co., Ltd. participated in bidding for the project of Tianfu New Area to Qionglai Expressway and won the tender. The total length of the project is approximately 42 kilometers with an estimated total investment amount of approximately RMB8.685 billion. On 13 September 2024, the whole line of Tianqiong Expressway was officially opened to traffic.

On 4 March 2020, Sichuan Chengqionggya Expressway Company Limited<sup>1</sup> was incorporated in Qionglai of Sichuan Province as a project company to take charge of the investment, construction and operation of Tianqiong Expressway, with a registered capital of approximately RMB1,737 million, of which the Company contributed RMB1,424.34 million. From the commencement date of construction to 31 December 2024, an accumulated investment of approximately RMB6,891 million had been invested in the Tianqiong Expressway Project.

<sup>1</sup> Based on the financial data for the year ended 31 December 2024, Sichuan Chengqionggya Expressway Company Limited is a significant subsidiary of the Company.



# MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

## II. FINANCIAL REVIEW AND ANALYSIS

### (I) Analysis of Operating Results and Financial Position

#### *Summary of the Group's Operating Results*

	<b>For the year ended 31 December</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Revenue	<b>10,247,400</b>	11,580,867
Including: Net expressway segment revenue	<b>4,777,135</b>	4,721,287
Net new energy technology segment revenue	<b>114,056</b>	64,845
Net transportation services segment revenue	<b>2,266,635</b>	1,959,766
Net transportation logistics segment revenue	<b>283,740</b>	718,809
Net construction services segment revenue	<b>2,805,834</b>	4,116,160
Net others segment revenue	<b>—</b>	—
Profit before tax	<b>1,870,434</b>	1,569,308
Profit attributable to owners of the Company	<b>1,449,447</b>	1,190,814
Earnings per share attributable to owners of the Company (RMB)	<b>0.474</b>	0.389

#### *Summary of the Group's Financial Position*

	<b>31 December 2024</b>	31 December 2023
	<b>RMB'000</b>	RMB'000
Total assets	<b>61,032,031</b>	57,640,787
Total liabilities	<b>41,536,405</b>	40,967,506
Non-controlling interests	<b>1,091,456</b>	999,963
Equity attributable to owners of the Company	<b>18,404,170</b>	15,673,318
Equity per share attributable to owners of the Company (RMB)	<b>6.018</b>	5.125

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### (II) Analysis of Operating Results

#### *Revenue*

The Group's net revenue for the year amounted to RMB10,247,400,000, representing a year-on-year decrease of 11.51%, of which:

- (1) The net expressway segment revenue was RMB4,777,135,000, representing an increase of 1.18% as compared with that of last year. During this year, the Group's toll income as a whole increased slightly. Of which: (a) the toll income of Chengyu Expressway increased by RMB34,411,000 or 4.20% as compared with that of last year; (b) the toll income of Chengya Expressway increased by RMB10,510,000 or 1.01% as compared with that of last year; (c) the toll income of Chengren Expressway decreased by RMB66,295,000 or 7.13% as compared with that of last year; (d) the toll income of Chengle Expressway increased by RMB90,146,000 or 16.81% as compared with that of last year; (e) the toll income of Chengbei Exit Expressway decreased by RMB4,959,000 or 4.58% as compared with that of last year; (f) the toll income of Suiguang Expressways decreased by RMB5,030,000 or 1.83% as compared with that of last year; (g) the toll income of Suixi Expressways increased by RMB4,282,000 or 2.56% as compared with that of last year; (h) the toll income of the Second Ring (Western) Expressway decreased by RMB27,768,000 or 3.21% as compared with that of last year. Please refer to "Operation conditions of the expressways segment of the Group" in this announcement for details of the main factors affecting the toll income of the Group during the reporting period;
- (2) The net new energy technology segment revenue was RMB114,056,000 (2023: RMB64,845,000), representing an increase in 75.89% as compared with that of last year, mainly due to the increase in charging service revenue and other revenue as the steady expansion of the Company's on- and off-road networks charging business and the introduction of new energy partners through innovative business models;
- (3) The net transportation service segment revenue was RMB2,266,635,000 (2023: RMB1,959,766,000), representing an increase of 15.66% as compared with that of last year, which was mainly due to the increase in retail sales volume of refined oil for the year;

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- (4) The net transportation logistics segment revenue was RMB283,740,000 (2023: RMB718,809,000), representing a decrease of 60.53% as compared with that of last year, which was mainly due to the decline in sales volume of the North-South Grain Transportation Project as affected by the economic downturn;
- (5) The net construction services segment revenue was RMB2,805,834,000 (2023: RMB4,116,160,000), representing a decrease of 31.83% as compared with that of last year, which was mainly due to the fact that: (1) the construction contract revenue in respect of service concession arrangements was RMB2,703,361,000, representing a decrease of 32.31% as compared with that of last year, which was primarily the construction contract revenue from the project for expansion construction of Chengle Expressway and Tianqiong Expressway BOT Project recognized under the input method; (2) construction contract revenue in respect of construction works performed for third parties amounted to RMB102,473,000, representing a decrease of 16.51% as compared with that of last year, which was mainly due to construction services revenue from Long Bao Da PPP project in Lushan County and the Tourism Highway Project in Dachuan River Scenic Spot in Lushan County recognized under the input method.

### ***Other Income and Gains***

The Group's other income and gains for the year amounted to RMB238,931,000, representing a decrease of RMB13,935,000 or 5.51%, mainly due to: first, the reasonable reduction in the size of monetary funds in the current year resulted in a decrease in interest income on deposits for the year; second, the increase in interest income on BT projects recognised in the current year; and third, the net increase in losses recognised in the current year due to the reversal of the previous year's provision of impairment losses of RMB33,923,000 in the previous year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### *Operating Expenses*

The Group's operating expenses for the year amounted to RMB7,800,424,000 (2023: RMB9,372,739,000), representing a decrease of 16.78% as compared with that of last year, of which:

- (1) During the year, construction contract cost recognized under the input method in respect of service concession arrangements was RMB2,703,361,000 (2023: RMB3,993,702,000), representing a decrease of 32.31% as compared with that of last year. This mainly included construction costs recognized for Chengle Expressway Expansion Construction Project and Tianqiong Expressway BOT Project;
- (2) During the year, construction contract costs recognized under the input method in respect of construction works amounted to RMB90,906,000 (2023: RMB108,837,000), representing a decrease of 16.48% as compared with that of last year, which was mainly attributable to the Long Bao Da PPP Project in Lushan County and the Tourism Highway Project in Dachuan River Scenic Spot in Lushan County recognized under the input method;
- (3) Depreciation and amortisation expenses decreased by 3.25% from RMB1,315,709,000 for the last year to RMB1,272,885,000 for the year, mainly attributable to the fact that the concession of Chengbei Exit Expressway was fully amortised on 30 June 2024, the original toll expiry date, representing a decrease in the amortisation amount as compared with the same period last year;
- (4) The cost of sales of oil and other business for the year was RMB2,171,165,000 (2023: RMB2,366,398,000), representing a decrease of 8.25% as compared with that of last year, mainly due to the decrease in cost of sales related to the curtailment of the Company's trade business as a result of the overall economic environment;
- (5) Repair and maintenance costs decreased by 6.28% from RMB325,275,000 for the last year to RMB304,843,000, mainly due to the decrease in maintenance costs of the facilities of all expressways of the Group as a result of the Group's rational implementation of the special work on cost control during the year;
- (6) Impairment included in trade receivables and other receivables for the year recorded a year-on-year increase of RMB17,560,000 (2023: no impairment loss), mainly due to the provision of impairment losses on trade receivables by Shunan Company during the year, the reversal of the impairment losses accrued in prior periods by Multimodal United Transportation Company during the year and the increase in net impairment loss;

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- (7) Charging services costs included were RMB12,966,000 for the year, representing a decrease of 26.07% as compared with that of last year, mainly due to the decrease in electricity costs for new energy vehicle charging piles;
- (8) Foreign exchange losses for the year increased by 46.15% from RMB1,790,000 for that of last year to RMB2,616,000, mainly due to the increase in foreign exchange loss arising from the payment of 2023 H-share dividend as compared with that of last year.

### **Finance Costs**

The Group's finance costs for the year amounted to RMB1,404,608,000 (including: expensed interest expenses of RMB851,932,000), representing an increase of 1.48% as compared with RMB1,384,136,000 (including: expensed interest expenses of RMB937,869,000) for the last year. The increase in finance costs during the year was mainly due to the increase in costs resulting from the drawdown of syndicated loans and the increase in the scale of financing for expressway projects under construction.

### **Income Tax**

The income tax expense of the Group for the year amounted to RMB330,909,000, representing an increase of approximately 9.38% as compared with RMB302,540,000 for that of 2023, mainly due to the change in profit.

### **Profit**

The Group's profit for the year amounted to RMB1,539,525,000, representing an increase of 21.53% as compared with RMB1,266,768,000 for that of last year, of which the profit attributable to owners of the Company was RMB1,449,447,000, representing an increase of 21.72% as compared with RMB1,190,814,000 for that of last year. This was mainly due to:

- (1) The profit of the expressways segment for the year was approximately RMB2,038,436,000 (2023: RMB1,742,689,000), representing an increase of 16.97% as compared with that of last year, mainly due to the year-on-year increase in toll fee and the decrease in maintenance costs of expressways as a result of the Group's rational implementation of the special work on cost control special work during the year, as well as the year-on-year decrease in amortisation amount as a result of the fact that the concession of Chengbei Exit Expressway was fully amortised on 30 June 2024, the original toll expiry date;
- (2) The profit of the new energy technology segment for the year was approximately RMB30,225,000 (2023: RMB3,046,000), representing an increase of 892.28% as compared with that of last year, mainly due to the increase in revenue and gross profit from charging services, and the increase in other income as a result of the innovation of business model by introducing new energy partners;

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- (3) The profit of the transportation services segment for the year was approximately RMB198,379,000 (2023: RMB198,650,000), representing a decrease of 0.14% as compared with that of last year, which was mainly due to the increase in gross profit driven by the increase in retail sales volume of refined oil and a consolidated decrease in profit as Chengyu Logistics Company made cost adjustments to its upfront expenses based on the project situation;
- (4) The profit of the transportation logistics segment for the year was approximately RMB8,979,000 (2023: RMB52,502,000), representing a decrease of 82.90% as compared with that of last year, mainly due to the Company's continuous efforts to mitigate the previous business risks and the reversal of impairment losses this year, with a decreased amount of reversal as compared with that of last year;
- (5) The profit of the construction services segment for the year was approximately RMB64,348,000 (2023: RMB4,666,000), representing an increase of 1,279.08% as compared with that of last year, mainly due to the increase in income arising from BT and PPP Projects;
- (6) The profit of the others segment for the year was approximately RMB37,688,000 (2023: RMB34,316,000), representing an increase of 9.83% as compared with that of last year, mainly due to the appreciation in the appraisal of the funds held by Shudao Chengyu Investment Company in the year.

### (III) Analysis of Financial Position

#### *Non-current Assets*

As at 31 December 2024, the Group's non-current assets amounted to RMB56,908,074,000, representing an increase of RMB2,386,142,000 as compared with the end of 2023, mainly attributable to:

- (1) An increase of RMB2,175,594,000 in service concession arrangements as compared with the end of 2023 which included an increase of approximately RMB3,256,037,000 mainly from Chengle Expressway Expansion Construction Project and Tianqiong Expressway BOT Project, and the provision for amortization of service concession arrangements of approximately RMB1,080,443,000;
- (2) A decrease of RMB40,519,000 in right-of-use assets as compared with the end of 2023, mainly due to the provision for depreciation of approximately RMB58,967,000 and addition of right-of-use assets of approximately RMB18,448,000 for the year;
- (3) Property, plant and equipment increased by RMB128,068,000 as compared with the end of 2023, mainly due to the addition of property, plant and equipment of approximately RMB282,438,000 and provision for depreciation of approximately RMB133,475,000, as well as disposal of property, plant and equipment of approximately RMB20,895,000;



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- (4) An increase of RMB10,990,000 in investment in associates and joint ventures as compared with the end of 2023, mainly due to (1) the increase in carrying value with the total investment income of RMB36,459,000 recognised this year; (2) the decrease of RMB17,089,000 in the total carrying value resulting from the cash dividends declared by Sichuan Communication, Airport Expressway Company, Zhongxin Company, Renshou Rural Commercial Bank and Chengdu Communications Investment Supply Chain Management International Co., Ltd.; and (3) the decrease of RMB8,380,000 in carrying value due to the fact that Shudao Financial Leasing Company, which was held by CSI SCE, implemented the capital increase and share expansion in 2024 and CSI SCE forfeited the opportunity of the capital increase, resulting in the dilution of the proportion of CSI SCE equity interest in Shudao Financial Leasing Company from 25.0455% at the beginning of the year to 8.6545%;
- (5) An increase of RMB208,336,000 in equity investments designated at fair value through other comprehensive income as compared with the end of 2023, mainly due to the participation in investment in China Merchants REITs Fund with an amount of RMB180,579,000 during the year, and the changes in fair value of equity investments in China Everbright Bank;
- (6) A decrease of approximately RMB270,053,000 in non-current portion of trade receivables and other receivables as compared with the end of 2023, mainly due to the payment collection by Renshou Shunan Company and Ziyang Shunan Company during the year;
- (7) An increase of RMB165,460,000 in payments in advance as compared with the end of 2023, which was mainly due to the increase in prepayments to ensure the continuous construction of the Chengle Expressway Expansion Construction Project, the Long Bao Da PPP project in Lushan County and the Tourism Highway Project in Dachuan River Scenic Spot in Lushan County.

### ***Current Assets and Current Liabilities***

As at 31 December 2024, the current assets of the Group amounted to RMB4,123,957,000 representing an increase of 32.23% as compared with the end of 2023, mainly attributable to:

- (1) An increase of RMB974,426,000 in the balance of cash and cash equivalents as compared with the end of 2023, mainly due to the increase in cash inflow as a result of issuance of bonds and operating income during the year;
- (2) Current portion of trade receivables and other receivables increased by RMB119,666,000 as compared to the end of 2023, mainly due to the increase of RMB160,200,000 in other receivables and prepayments;
- (3) A decrease of RMB89,954,000 in inventories as compared with the end of 2023, mainly due to the strengthening of inventory management and completion of crop sales by Intermodal Transportation Company during the year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

As at 31 December 2024, the Group's current liabilities amounted to RMB5,423,755,000, representing a decrease of 14.15% as compared with the end of 2023, mainly attributable to a decrease of RMB110,112,000 in trade and other payables, a decrease of RMB8,337,000 in contract liabilities; and a decrease of RMB797,142,000 in current portion of bank and other interest-bearing borrowings for the year.

### ***Non-current Liabilities***

As at 31 December 2024, the non-current liabilities of the Group amounted to RMB36,112,650,000, representing an increase of 4.22% as compared with the end of 2023, mainly attributable to an increase of RMB16,406,000 in deferred income, an increase of RMB4,300,000 in deferred tax liabilities, an increase of RMB1,442,190,000 in non-current portion of bank and other interest-bearing borrowings as compared with those of the end of last year.

### ***Equity***

As at 31 December 2024, the Group's equity amounted to RMB19,495,626,000 representing an increase of 16.93% as compared with the end of 2023, mainly attributable to: (1) profit of RMB1,539,525,000 for the year, which increased the equity; (2) an increase in equity of RMB16,094,000 due to the adjustment to the fair value of financial assets as a result of presenting changes in other comprehensive income; (3) an increase of RMB1,999,900,000 in equity due to the issuance of perpetual equity instruments; (4) capital injection from minority Shareholders amounting to RMB54,870,000, which increased the equity; (5) payment of dividends of RMB53,795,000 to non-controlling Shareholders, which decreased the equity; and (6) the final dividend of 2023 paid in the year amounting to RMB733,934,000, which decreased the equity.

### ***Capital Structure***

As at 31 December 2024, the Group had total assets of RMB61,032,031,000 and total liabilities of RMB41,536,405,000. The gearing ratio, which was calculated as the Group's total liabilities divided by its total assets, was 68.06% (31 December 2023: 71.07%).

### ***Cash Flow***

As at 31 December 2024, the cash and cash equivalents of the Group amounted to RMB2,957,256,000, representing an increase of approximately RMB974,426,000 as compared with the end of 2023. It comprised approximately HKD9,000 (equivalent to approximately RMB9,000) of deposits in Hong Kong dollars, and RMB2,957,247,000 cash and deposit in Renminbi.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

During the year, net cash inflow from operating activities of the Group amounted to RMB987,951,000 (2023: net cash outflow of RMB1,275,827,000), representing an increase of RMB2,263,778,000 in net cash inflow as compared with that of last year, mainly due to the fact that: profit before tax increased by RMB301,126,000 as compared with that of last year; the new service concession arrangements resulted in a decrease of RMB1,290,341,000 in cash outflow for the year as compared with that of last year; the increase in restricted deposits resulted in an increase of RMB828,000 in cash outflow for the year as compared with that of last year; the decrease in non-current payments in advances resulted in a decrease of RMB663,387,000 in net cash outflow for the year as compared with that of last year; the decrease in deferred income resulted in a decrease of RMB6,621,000 in cash outflow for the year as compared with that of last year; the decrease in trade receivables and other receivables resulted in an increase of RMB316,916,000 in net cash inflow for the year as compared with that of last year; the decrease in inventories resulted in a decrease of RMB179,699,000 in the cash outflow for the year as compared with that of last year; the decrease in contract liabilities resulted in a decrease of RMB18,770,000 in the net cash inflow for the year as compared with that of last year; the increase in trade payables and other payables resulted in a decrease of RMB542,997,000 in cash outflow for the year as compared with that of last year; the decrease in amounts due to the controlling shareholder resulted in a decrease of RMB152,000 in cash outflows for the year as compared with that of last year.

Net cash outflow used in investing activities of the Group amounted to RMB172,856,000 (2023: net inflow of RMB2,480,098,000), representing an increase of RMB2,652,954,000 in net cash outflow as compared with that of last year, mainly due to: an increase of RMB111,011,000 in cash outflow for the purchase of property, plant and equipment as compared with that of last year; an increase of RMB199,622,000 in cash outflow from the equity investments at fair value through other comprehensive income as compared with that of last year; a decrease of RMB43,851,000 in cash inflow from interest received as compared with that of last year; an increase of RMB18,464,000 in cash inflow from dividends received from associates as compared with that of last year; a decrease of RMB8,674,000 in cash inflow from dividends received from joint ventures as compared with that of last year; an increase of RMB326,251,000 in cash outflow for the year as compared with that of last year as a result of the increase in time deposits.

Net cash inflow used in financing activities was RMB414,356,000 (2023: net outflow of RMB1,880,636,000), representing an increase in net cash inflow of RMB2,294,992,000 as compared with that of last year, mainly due to: an increase of RMB1,920,358,000 in cash inflow from new bank loans, perpetual equity instruments, corporate bonds and other loans as compared with that of last year; an increase of RMB5,164,618,000 in cash outflow from repayment of bank loans, medium-term notes and other loans and payment of lease principal as compared with that of last year; an increase of RMB428,961,000 in cash outflow from dividend paid to the owners of the Company compared with that of last year; a decrease of RMB16,504,000 in cash outflow from dividend paid to non-controlling shareholders as compared with that of last year; an increase of RMB30,686,000 in cash outflow from interest paid compared with that of last year; and a decrease of RMB24,330,000 in cash inflow received from investment from non-controlling shareholders as compared with that of last year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### *Exchange Fluctuations Risks*

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

In addition, the Group had not used any financial instrument for hedging purposes in the Reporting Period.

### *Borrowings and Solvency*

As at 31 December 2024, the Group's bank and other interest-bearing borrowings amounted to RMB38,425,725,000. The balance of bank loans was RMB35,921,075,000, with annual interest rates ranging from 2.05% to 3.75%; the balance of other borrowings amounted to RMB223,120,000; the balance of lease liabilities amounted to RMB114,955,000; the balance of medium-term notes amounted to RMB100,000,000, with a coupon interest rate of 2.07% per annum; the balance of corporate bonds amounted to RMB2,000,000,000, with a coupon interest rate of 2.30% per annum; and interest payable of RMB66,575,000. The relevant balances are set out as follows:

### *Bank and Interest-Bearing Other Loans*

	<b>Total</b> <i>RMB'000</i>	<b>Within 1 year</b> <i>RMB'000</i>	<b>1 year to 5 years</b> <i>RMB'000</i>	<b>Over 5 years</b> <i>RMB'000</i>
Bank loans	35,921,075	2,327,349	10,766,556	22,827,170
Other borrowings and lease liabilities	338,075	196,594	133,367	8,114
Medium-term notes	100,000	–	100,000	–
Corporate bonds	2,000,000	–	2,000,000	–
Interest payable	66,575	66,575	–	–
<b>Total (as at 31 December 2024)</b>	<b>38,425,725</b>	<b>2,590,518</b>	<b>12,999,923</b>	<b>22,835,284</b>
<b>Total (as at 31 December 2023)</b>	<b>37,780,677</b>	<b>3,387,660</b>	<b>11,535,949</b>	<b>22,857,068</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

With the Group's steady cash flow, solid capital structure and sound credit records, the Group has established and maintained favorable credit relations with financial institutions and enjoyed most preferential interest rates for its loans. The Group has acquired bank facilities of RMB35,874 million from financial institutions available for use in the following one to two years. In addition, in 2010, China CITIC Bank Corporation Limited (Chengdu Branch) as leader and other eight banks carrying out businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan of RMB4,890 million. Such loan is specially used for construction of Chengren Expressway BOT Project. In 2019, China CITIC Bank Corporation Limited (Chengdu Branch) transferred the entire loan balance under the Syndicated Contract to China Construction Bank Corporation (Sichuan Branch), and China Construction Bank Corporation (Sichuan Branch) became the leader in 2020. As at 31 December 2024, the balance of the syndicated loan for the project amounted to RMB1,008 million.

In 2013, China Development Bank (Sichuan Branch) as leader and other four banks carrying out businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan of RMB4,950 million. Such loan is specially used for construction of Suiguang Expressway BOT Project. As at 31 December 2024, the balance of the syndicated loan for the project amounted to RMB3,540 million; in 2013, China Development Bank (Sichuan Branch) as leader and other two banks carrying out businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan of RMB3,380 million. Such loan was specially used in Suixi Expressways BOT Project. As at 31 December 2024, the balance of the syndicated loan for the project amounted to RMB2,270 million.

In 2019, China Construction Bank Corporation (Sichuan Branch) and China Development Bank (Sichuan Branch) as leader and other five banks carrying out businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan of RMB10,400 million. Such loan is specially used for construction of Chengle Expressway Expansion Construction Project. As at 31 December 2024, the balance of the syndicated loan for the project amounted to RMB5,842 million; in 2021, China Construction Bank Corporation (Sichuan Branch) and China Development Bank (Sichuan Branch) as leader and other three banks carrying out businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan of RMB6,920 million. As at 31 December 2024, the balance of the syndicated loan for the project amounted to RMB1,728 million. The above two loans are specially used for construction of Chengle Expressway Expansion Construction Project.

In 2020, China Construction Bank Corporation (Sichuan Branch) and China CITIC Bank Corporation Limited (Chengdu Branch) as leader and other five banks carrying on businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan of RMB6,948 million. Such loan is specially used for construction of Tianqiong Expressway BOT Project. As at 31 December 2024, the balance of the syndicated loan for the project amounted to RMB5,476 million.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

In 2020, China Development Bank (Sichuan Branch) as leader formed a bank consortium with other six banks carrying out businesses in the PRC, which signed a loan contract with the Company for a medium- and long-term loan of RMB9,809 million. Such loan is specially used for the financing rearrangement for the Second Ring (Western) Expressway loan. As at 31 December 2024, the balance of the syndicated loan for the project amounted to RMB9,074 million.

### *Pledge of Assets*

As at 31 December 2024, the concession right of the Group to collect toll pertaining to Chengle Expressway with net carrying value of RMB13,964,775,000 (31 December 2023: RMB12,155,168,000) was pledged to secure the syndicated loan amounting to RMB7,569,720,000 (31 December 2023: RMB6,719,230,000); the concession right to collect toll pertaining to Chengren Expressway with net carrying value of RMB5,696,918,000 (31 December 2023: RMB5,903,036,000) was pledged to secure the syndicated loan amounting to RMB1,008,307,000 (31 December 2023: RMB1,281,655,000); the concession right to collect toll pertaining to Suiguang-Suixi Expressways with net carrying value of RMB10,891,294,000 (31 December 2023: RMB11,095,731,000) was pledged to secure the syndicated loan amounting to RMB5,810,000,000 (31 December 2023: RMB6,410,000,000); the concession right to collect toll pertaining to Tianqiong Expressway with net carrying value of RMB6,891,267,000 (31 December 2023: RMB5,522,506,000) was pledged to secure the bank loans amounting to RMB5,476,498,000 (31 December 2023: RMB4,053,828,000); the concession right to collect toll pertaining to the Second Ring (Western) Expressway with net carrying value of RMB12,946,141,000 (31 December 2023: RMB13,165,127,000) was pledged to secure the bank loans amounting to RMB9,074,000,000 (31 December 2023: RMB9,091,500,000).

Save as disclosed above, the Group did not have any other contingent liabilities, pledge of assets or guarantees as at 31 December 2024.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### III. BUSINESS DEVELOPMENT PLAN

Based on analysis and review of our work and operations during the Reporting Period, and taking into account our forecast and judgement of future economic situation, policy environment and developments of the industry and our business in the 2025, we have formulated the following work plan with a focus on the basic development ideas of "14th Five-Year" Plan and business objectives for the year of 2025:

#### (I) Integrating industrial resources and consolidating the core business.

With the goal of enhancing the core competitiveness of the expressway segment, we strengthen the foundation of the core business, open up growth paths, and accelerate industrial transformation and upgrading. On the one hand, we aim to improve the existing assets, coordinate the "five elements" of safety, quality, cost, timeline and ecology, and accelerate the construction of Chengle Expansion Project; on the other hand, we aim to expand and develop new assets, take the original routine upgrading and expansion, asset consolidation, mergers and acquisitions of high-quality road property and other strategies to expand the scale of road property. At the same time, we improve the quality of expressway maintenance, security efficiency and technical strength, and improve service quality and economic benefits, to promote cross-sector collaborative development.

#### (II) Expanding business layout and deepening the energy field.

Taking the energy supply service network as the cornerstone of the green energy cultivation industry, the Company integrates various energy businesses into a comprehensive energy sector. On the one hand, we will focus on the optimization of the structure of the green energy industry and the improvement of the quality of operation and maintenance, expand and increase capacity at busy locations, promote the interconnection and escrow of the off-road network charging piles, build "oil, gas, photovoltaic, storage and hydrogen" integrated comprehensive energy harbour, and further invest in the construction of distributed optical storage projects and hydrogen refueling stations; on the other hand, we will strengthen the marketing of energy sales business, implement leasing projects, increase the number of stations and promote volume and efficiency growth.

#### (III) Leveraging road network traffic and refining roadside services.

Aligned with the supply-side reform direction of the service industry, the Company will utilize road network traffic resources to refine the roadside service sector. On one hand, we will optimize service area designs and commercial models, gradually implementing a "full-portfolio and full-direct sales" model, upgrading special service areas, and developing commercial complexes while exploring off-road network businesses such as logistics, property management, commerce and media; on the other hand, we will build a multimodal transport and integrated logistics service system, focusing on cost reduction and efficiency improvement, joining multimodal transport industry associations and enterprise alliances, and piloting "one-bill system" and "one-container system" reforms.

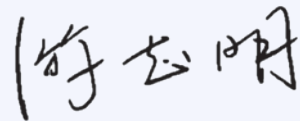
## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### (IV) Broadening revenue stream and optimizing industrial investment.

In response to the SASAC system's requirements for state-owned enterprises in accelerating the formation of new quality productivity, the Group will increase investments in technological leaders in the industry, technology commercialization, and medium and small enterprises in the upstream and downstream of the industrial chain. On one hand, we will leverage investment platforms to continuously hold, timely exit and promptly reserve equity investment projects, strengthening collaborations with funds, securities firms and investment banks for strategic and financial investments through equity participation or control stake. On the other hand, we will deepen capital operations by investing in or acquiring high-quality targets within the Shudao Group to increase the proportion of light assets.

### (V) Deepening reform and control, and strengthening development foundations.

Firstly, we will complete the "deepening and upgrading action" of the reform of state-owned enterprises with high quality, improve the mechanism of salary distribution and performance appraisal, as well as the setup of institutions and manpower allocation; secondly, we will improve the financial management and capital management, centralize the deployment of funds, enhance the yield rate of idle funds, broaden financing channels, reduce financing costs, and optimize capital structure; thirdly, we will strengthen compliance and internal control, improve the corporate governance system, adjust the power lists of "the general meeting, the Board, the Supervisory Committee and the senior management", and enhance the management of related-party transactions and investor relations; fourthly, we will carry out comprehensive supervision and management of production safety, ecological environment protection and occupational health, strengthen the construction of systems and risk management and control, innovate the management mode, and promote the practice of guaranteeing safety through technological means.



**You Zhiming**

*Vice Chairman and General Manager*

Chengdu, Sichuan Province, the PRC  
28 March 2025

# CORPORATE GOVERNANCE REPORT

## I. CORPORATE GOVERNANCE

Since establishment, the Company has set up a corporate governance structure comprising the general meeting, the Board, the Supervisory Committee and the management, and has conducted on-going review and improvement of such structure in practice. Until now, the Company has successively established committees under the Board, including the Audit Committee, the Strategic Committee, the Nomination Committee and the Remuneration and Appraisal Committee. The Company has also adopted an independent internal audit system, established a relatively comprehensive risk management and internal control system and formulated multi-tier governance rules based on the Articles of Association, aiming at clearly defining the duties, limits of authorities and codes of conducts for all parties. In accordance with laws, regulations and the governance rules, the general meeting, the Board, the Supervisory Committee and the management of the Company discharge their own duties, coordinate with each other, effectively counter-balance each other, and continuously enhance corporate governance standards, thereby laying a solid foundation for driving the Company's development and maximizing value for the Shareholders.

As a listed company with both A Shares and H Shares, in addition to complying with the applicable laws and regulations, the Company is also required to comply with the requirements of the Corporate Governance Code of the Stock Exchange and the Code of Corporate Governance for Listed Companies of the CSRC regarding the practice of corporate governance. During the Reporting Period and up to the date of this annual report, the Company has adopted and complied with the Listing Rules on the Stock Exchange and the code provisions in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules on the Stock Exchange except for the deviations as shown below.

As disclosed in the announcement of the Company dated 8 March 2024, following the resignation from the positions of Mr. Li Wenhui as an executive Director, the vice chairman (acting as chairman), the general manager and the authorised representative of the Company pursuant to Rule 3.05 of the Listing Rules on the Stock Exchange on 8 March 2024, in view of the time required for identifying and appointing a suitable candidate, the Company will not be able to meet the requirements of Rule 3.05 of the Listing Rules on the Stock Exchange that the authorised representative of a listed issuer is required to be either two directors or a director and a company secretary. Upon the appointment of Mr. Luo Zuyi as the aforesaid authorised representative becoming effective on 9 April 2024, the Company has re-complied with the requirements of Rule 3.05 of the Listing Rules on the Stock Exchange as at 31 December 2024.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### (I) Amendments to and improvements in corporate governance system

During the Reporting Period, the Company has adjusted and further supplemented and improved the corresponding corporate governance rules according to the amendments to laws, regulations and normative documents of relevant competent authorities. On 1 February 2024, as approved by the general meeting of the Company, the Company amended and improved the Articles of Association, the Working Rules for Independent Directors and the Rules of Procedure for the Board Meetings. On 3 September 2024, as approved by the Board, the Company formulated the Contract Management Measures (Trial) and amended and improved the Safety Production Management System. On 20 November 2024, as approved by the Board, the Company formulated the Administrative Measures for the Board's Delegation to the Management (Trial) and the Detailed Rules for Investment Management and amended and improved the Powers Operation List of "Three Committees and One Management". On 17 December 2024, as approved by the Board, the Company formulated the Detailed Implementation Rules for Bidding and Procurement. On 31 December 2024, as approved by the Board, the Company formulated the System for Tracking, Implementation and Post-evaluation of the Board Resolution (Trial).

### (II) The purpose, strategy and culture of the Company

The Board has formulated the Group's mission, values, and strategies that are consistent with the Group's culture. The Group adhered to the new development concept and integrates into the new development pattern, focusing on the Chengdu-Chongqing Economic Circle strategy and the "dual carbon" policy requirements. The Group is committed to consolidating the traditional core business of investing, constructing, operating, and managing highways and expanding the economic development along the route. At the same time, the Group is cultivating and developing a green energy industry centered around "charging, ten-swapping, and hydrogen energy". The Group has been adhering to its the five core development strategies of resource integration, asset operation, investment and acquisition, market value management upgrades, and technology empowerment; this is to continuously promoting industrial transformation and upgrades, achieving leap-forward development, high-quality development, and sustainable development, enhancing the comprehensive strength of the enterprise, and committed to becoming a "first-class comprehensive service provider in transportation industry in China". The Group operated with integrity and leads by example. The Board promoted the expected culture, instilled and strengthened the values of acting in a lawful, ethical, and responsible manner throughout the Group. Firstly, the Group has been building an enterprise culture system, refining enterprise cultural concepts, strengthening the combination of cultural systems, and establishing an enterprise cultural construction evaluation mechanism. Secondly, the Group has been implementing an enterprise brand strategy, continuously expanding its own brand influence, and strengthening the internal promotion and implementation of enterprise culture. Thirdly, the Group adhered to the concept of "one road, one culture, one station, one feature" ideology to create a distinct road culture.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### (III) The responsibility statement of the Board on risk management and internal control

It is the responsibility of the Board to establish, perfect, and effectively implement risk management and internal control system, to assess and determine the risk nature and degree it would accept when the Group's strategic objectives are achieved. The Board is responsible for continuously supervising the Company's risk management and internal control system, including overseeing the management to design, implement and monitor the risk management and internal control system, and the annual review of the effectiveness of important monitoring procedures concerning finance, operation, compliance, ESG and etc.; the board of Supervisors conducts supervision on the Board's establishment and implementation of risk management and internal control; the management is responsible for organizing and implementing the day-to-day operations of the Company's risk management and internal control, and providing the Board with validation on the risk management and internal control system. It is also the Board's responsibility to ensure that the Company's resources and qualifications and experience of staff in respect of the Company's accounting, internal audit, ESG and financial reporting functions and the sufficiency of training sessions for staff and relevant budgets. Instead of to eliminate, the Company's risk management and internal control system is designed to monitor and manage the risk factors that affect the Company's business objectives, and make reasonable but not absolute guarantee on no significant misrepresentations or losses.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### (IV) Sound establishment of risk management and internal control system of the Company

After years of operation and development, the Company has established a relatively comprehensive risk management and internal control system, ensuring the normal production and operation of the Company and playing a vital role in controlling operation risks. As the Company further develops, its risk management and internal control system needs to be continuously optimized and enhanced. Meanwhile, in order to implement the “Basic Rules for Internal Control of Companies” jointly issued by the Ministry of Finance, the CSRC, the National Audit Office and the NFRA and the Implementary Guideline for Enterprise Internal Control, and in light of the “Guidelines on Internal Control for Listed Companies” by the SSE and the Code, the Company has launched the construction of the corporate internal control system in an all-around way since the second half of 2010 and promptly completed the preparation and test of the Internal Control Manual as well as self-assessment and audit of internal control for the years from 2011 to 2024. In 2024, the Company solidly advanced internal control to ensure that the overall operation of the Company’s internal control system was good. As considered and approved at the 29th meeting of the eighth session of the Board, the Company formulated the “Action Plan for Comprehensive Improvement of Compliance and Internal Control Management”, established the compliance committee of the Company and appointed the chief compliance officer in accordance with the requirements of “Compliance Management Measures for Provincial Enterprises in Sichuan Province” and other relevant documents, as well as its actual situation. On the basis of proper supervision, self-inspection and review, the Company further strengthened its supervision and evaluation work as well as internal control system to consolidate the foundation of the system serving the business development of the Company.

Through making self-assessment of the design and implementation effectiveness of the Company’s internal control as at 31 December 2024, the Board considers that, 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, and there were no significant defects during the Reporting Period. BDO China Shu Lun Pan Certified Public Accountants LLP has audited the effectiveness of the relevant internal control for financial reporting of the Company and issued auditors’ reports with standard unqualified opinions.

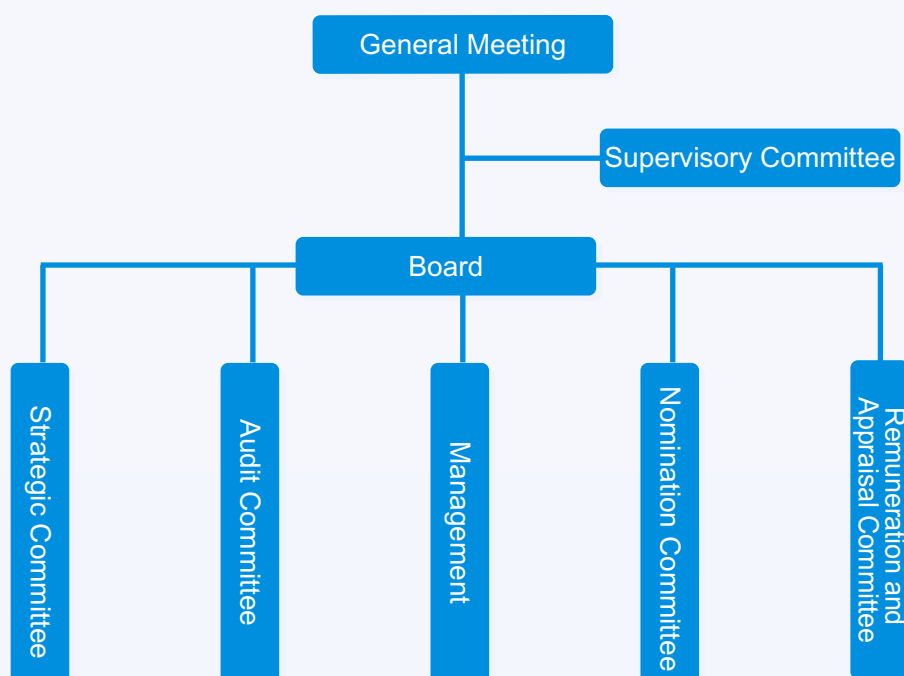
In the future, the Company will continue to press ahead with the implementation of its risk management and internal control system, and optimize the risk management and internal control system based on its existing system, and practically establish and implement a corporate risk management and internal control system with definite division between powers and obligations, scientific management and high efficiency.



## CORPORATE GOVERNANCE REPORT (CONTINUED)

### II. LEGAL PERSON GOVERNANCE STRUCTURE OF THE COMPANY

The current governance structure of the Company is shown in the diagram below:



#### (I) Shareholders and General Meetings

The Company treats all the Shareholders on an equal footing by ensuring that all Shareholders, especially minority and medium Shareholders, are entitled to enjoy equal status and fully exercise their respective rights, and are entitled to the right to access to and make decisions on material matters of the Company and strictly prohibits any act detrimental to the interests of the Company and the Shareholders. Notice of, authorization from and consideration at general meetings are all in compliance with relevant procedures.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### **1. Substantial Shareholders**

The substantial Shareholders of the Company include Shudao Group and China Merchants Expressway Company. The substantial Shareholders had acted properly and never exploited their special position to intervene, in ultra vires over the general meetings, the decision-making or the operation of the Company or advance extra interests.

The Company has separate personnel, assets, finance, organization and business from the substantial Shareholders. In respect of personnel, there is no interlocking which violates the laws and regulations and the Company has the rights of free appointment and removal in terms of labor and personnel; in respect of assets, the Company is strictly separated from its controlling Shareholder, possesses full ownership over its operating assets and operates with full independence; in respect of finance, the Company has an independent financial department and independent financial accounts and is able to autonomously make its financial decisions while the application of funds is free from any interference from the controlling Shareholders; in respect of organization, there is no question of “one team operating in two companies”, mixed operation or work in the same premise, and the office and business premise are separated; in respect of business, the Company has a different scope of business from those of its controlling Shareholder and owns entire business independence and independent operation capability.

### **2. Policy on distribution of dividends**

The Company, whilst maintaining sound and sustainable development, attaches great importance to reasonable investment return to its shareholders and adopts a consistent and stable profit distribution policy. The Company mainly determines the policy on distribution of dividends through the Articles of Association.

#### **(1) Intervals of profit distribution**

The Company shall distribute its distributable profits on an annual basis provided that its cash flows are sufficient to satisfy its normal capital needs and sustainable development; and an interim profit distribution may be carried out as the Company deems necessary according to its profits and capital requirements.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### (2) *Forms of profit distribution*

The Company may distribute its profit in cash, shares, a combination of both cash and shares or otherwise permitted by laws and regulations. Cash dividend is prior to share dividend in profit distribution. Where the conditions of cash dividend are met, profit distribution shall be carried out in form of cash dividend.

### (3) *Conditions for distributing profit in shares*

Where the Company's share capital size and equity structure are rational and its share capital increases in line with its results growth, the Company may distribute its dividends in shares.

### (4) *Conditions and percentages for distributing profit in cash*

If the Company's distributable profit for the period is positive and its cash flows are sufficient to meet normal capital requirements, such as project investment, project renovation or expansion, repair and maintenance of road assets, acquisition of assets or purchase of equipment, and support its sustainable development, the Company shall distribute dividends in cash, and the sum of any such cash dividend shall not be less than 30% of the distributable profit earned by the parent company for the period concerned (the lower of the profit attributable to shareholders under the PRC and overseas accounting standards respectively); and the Company shall take into account the following factors comprehensively including industry features, development stage, operation mode, profits level and if there are substantial arrangements for capital expenditures etc., and, in accordance with the stipulated procedures under the Articles of Association, formulate differential cash dividend policy in the following situations: ① when there is no substantial arrangements for capital expenditure of the Company during a mature development stage of the Company, cash dividend shall amount to at least 80% of the relevant profits distribution; ② when there is substantial arrangements for capital expenditure of the Company during a mature development stage of the Company, cash dividend shall amount to at least 40% of the relevant profits distribution; ③ when there is substantial arrangements for capital expenditure of the Company during a growth stage of the Company, cash dividend shall amount to at least 20% of the relevant profits distribution; Unless otherwise provided by laws and administrative regulations, the sum of an interim dividend shall not exceed 50% of the distributable profit as shown in the Company's interim income statement.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### *(5) Requirement on the time for completion of profit distribution*

The Company shall distribute profit to its shareholders according to their respective shareholdings within six (6) months after the end of each financial year.

After a resolution on the profit distribution plan is adopted at the general meeting of the Company, the Board shall complete the distribution of the dividends (or shares) within two (2) months after the general meeting.

### **3. General Meetings and Rights of Shareholders**

As the highest authority of the Company, the general meeting exercises its power in determining material matters of the Company pursuant to the laws. Shareholders requisitioning extraordinary general meetings of Shareholders or class meetings shall abide by the following procedures: Shareholders individually or collectively holding 10% or more of the Shares of the Company shall sign one or more counterpart requisitions requiring the Board to convene a Shareholders' extraordinary general meeting or a class meeting, and clarify the topic of the meeting. The Board shall furnish a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within ten (10) days after receiving such requisition; in the event that the Board agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five (5) days after the passing of the relevant resolution of the Board; in the event that the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within ten (10) days after receiving such proposal, Shareholders individually or collectively holding 10% or more of the Company's Shares shall be entitled to propose to the Supervisory Committee the convening of the extraordinary general meeting; in the event that the Supervisory Committee agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five (5) days after receiving such request; failure of the Supervisory Committee to issue the notice of the general meeting shall be deemed as failure of the Supervisory Committee to convene and preside over a general meeting, and Shareholders individually or collectively holding 10% or more of the Company's Shares for ninety (90) consecutive days or more may convene and preside over the meeting by themselves.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

The annual general meetings or other extraordinary general meetings in each year provide a channel of direct communication between the Board and Shareholders. The Company encourages all Shareholders to attend general meetings and issues the meeting notice within at least 20 business days prior to the convening of the annual general meetings and at least 10 or 15 business days (whichever is longer) prior to the convening of the extraordinary general meetings, and takes appropriate ways of disclosure and expression based on the regulatory regulations of different stock exchanges and reading habits of different investors to provide Shareholders with information or data that is helpful to decision-making. The Company discloses the details of procedures for Shareholders to attend in person or by proxy, contact information for enquiries by Shareholders, and etc., in the notices of general meetings. In accordance with the provisions under the Articles of Association, Shareholders individually or collectively holding more than 3% of the Company's Shares can make a temporary motion and submit it in writing to the convener ten (10) days before the date of Shareholders' general meeting. The convener shall issue a supplementary notice of the Shareholders' general meeting announcing the contents of the temporary motion within two (2) days upon receipt of the motion. At the general meetings, all Shareholders also have opportunities to make enquiries to the Directors about issues concerning the operation and results of the Group. All Directors and senior management of the Company are required to attend the meetings as much as possible to answer Shareholders' enquiries and discuss directly with Shareholders about the Company's business and prospect.

In 2024, the Company convened six general meetings. The convening of and matters approved at the meetings are summarized as follows:

No.	Meeting	Date of Meeting	Name of Resolutions	Status
1	The first extraordinary general meeting in 2024	1 February 2024	<ol style="list-style-type: none"> <li>Resolution in relation to the amendments to the Articles of Association</li> <li>Resolution in relation to the amendments to the Working Rules for Independent Directors of the Company</li> <li>Resolution in relation to the amendments to the Rules of Procedure for the Board Meetings of the Company</li> <li>Resolution in relation to the signing of the Framework Agreement on Related Party Transaction for Construction Works and Related Services between the Company and Shudao Investment</li> <li>Resolution in relation to the director's remuneration for Mr. Zhou Hua</li> <li>Resolution in relation to the election of Mr. Zhou Hua as an independent non-executive director</li> </ol>	All resolutions were duly considered and approved

## CORPORATE GOVERNANCE REPORT (CONTINUED)

No.	Meeting	Date of Meeting	Name of Resolutions	Status
2	The second extraordinary general meeting in 2024	9 April 2024	<ol style="list-style-type: none"> <li>1. Resolution in relation to the shareholder return plan for the three years (2023–2025) of the Company</li> <li>2. Resolution in relation to the director's remuneration of Mr. Luo Zuyi</li> <li>3. Resolution in relation to the remuneration for Mr. You Zhiming as the vice chairman</li> <li>4. Resolution in relation to the election of Mr. Luo Zuyi as an executive director</li> </ol>	All resolutions were duly considered and approved
3	The 2023 annual general meeting	23 May 2024	<ol style="list-style-type: none"> <li>1. Resolution in relation to the profit distribution and dividend payment plan for the year 2023</li> <li>2. Resolution in relation to the work report of the board of directors for the year 2023</li> <li>3. Resolution in relation to the work report of the supervisory committee for the year 2023</li> <li>4. Resolution in relation to the duty performance report of the independent Directors for the year 2023</li> <li>5. Resolution in relation to the final accounts report for the year 2023</li> <li>6. Resolution in relation to the domestic and overseas annual reports and their summaries for the year 2023</li> <li>7. Resolution in relation to the financial budget for the year 2024</li> <li>8. Resolution in relation to the appointment of BDO China Shu Lu Pan Certified Public Accountants LLP as the domestic auditor for the year 2024</li> </ol>	All resolutions were duly considered and approved



## CORPORATE GOVERNANCE REPORT (CONTINUED)

No.	Meeting	Date of Meeting	Name of Resolutions	Status
			9. Resolution in relation to the appointment of PricewaterhouseCoopers as the international auditor for the year 2024	
			10. Resolution in relation to the liability insurance for the Directors, the supervisors and the senior management	
			11. Resolution in relation to the remuneration plan for the Directors	
			12. Resolution in relation to the remuneration plan for the supervisors	
			13. Resolution in relation to the registration and issuance of perpetual medium-term notes in the PRC	
4	The third extraordinary general meeting in 2024	3 September 2024	1. Resolution in relation to the grant of the general mandate to the board of directors to issue shares 2. Resolution in relation to the director's remuneration of Mr. Jiang Tao 3. Resolution in relation to the election of Mr. Jiang Tao an independent non-executive director	All resolutions were duly considered and approved
5	The fourth extraordinary general meeting in 2024	20 November 2024	1. Resolution in relation to the director's remuneration of Mr. Yang Shaojun 2. Resolution in relation to the director's remuneration of Ms. Mao Yurong 3. Resolution in relation to the election of Mr. Yang Shaojun as a non-executive director 4. Resolution in relation to the election of Ms. Mao Yurong as an executive director	All resolutions were duly considered and approved

## CORPORATE GOVERNANCE REPORT (CONTINUED)

No.	Meeting	Date of Meeting	Name of Resolutions	Status
6	The fifth extraordinary general meeting in 2024	29 November 2024	<ol style="list-style-type: none"> <li>1. Resolution in relation to the provision of the shortfall replenishment by the Company for the syndicated loan of a wholly-owned subsidiary</li> <li>2. Resolution in relation to the application for syndicated loan of a wholly-owned subsidiary and adjustment of the Company's external financing budget for 2024</li> </ol>	All resolutions were duly considered and approved

In addition to the said communication with the Board by means of general meetings, Shareholders can also submit their enquiries and questions in writing to the Board through the secretary to the Board at any time. The contact details of Mr. Yao Jiancheng, the Joint Company Secretary in Hong Kong and secretary to the Board in the PRC, are as follows:

Tel:	(86) 28-8552 7504
Fax:	(86) 28-8553 0753
E-mail:	db@cygs.com
Contact address:	No. 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC
Postal code:	610041

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### (II) Board and Directors

#### **Board**

##### **1. Responsibilities and division of work**

The Board acts on behalf of the interests of Shareholders as a whole and is accountable to the general meetings. Its main duties are to exercise rights of decision-making and management in accordance with laws and regulations and the authorization of general meetings in terms of the Company's development strategies, management framework, financing and investment plans, financial control and human resources, etc., and to exercise supervision and inspection on the development and operating activities of the Company. The Board has established 4 committees and assigned certain specific powers to each committee to assist the Board in effective performance of duties. The composition, responsibilities and functions of each committee are set out in the section headed "Committees under of the Board" in this chapter. Unless otherwise stipulated in the terms of reference of relevant committees, the Board reserves the right to make final decisions.

The management is accountable to the Board. Its major responsibilities are to implement the resolutions of the Board, manage the Company's day-to-day operations, organize the implementation of the Company's annual business plan and investment plan, and make relevant decisions in accordance with laws and regulations and the authorization of the Board. When the Board delegates powers in respect of management and administrative functions to the management, it has given clear guidance on the powers of the management. In exercise of duties, the management should not exceed the permitted scope of its duties.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### 2. *Composition*

As at the date of this report, the Board currently has 12 Directors and is the eighth session of the Board since the establishment of the Company. The term of office of the Directors shall be three (3) years commencing from 18 November 2022 or from the date on which the Directors were elected or until the end of the eighth session of office of the Board. During the year 2024 and as at the date of this report, the composition of and changes in the Board are set out in Section VIII “Profile of Directors, Supervisors, Senior Management and Employees” in this annual report.

The eighth session of the Board has 4 independent non-executive Directors, representing more than one-third of the total directorship. Independent non-executive Directors are experienced professionals in various industries including transportation and automobile engineering, business administration, economy and accounting. With a responsible attitude and extensive professional knowledge and experience, the independent non-executive Directors have in good faith performed their independent duties of honesty and diligence in participating in discussion and decision-making on material matters of the Company, reviewing the connected transactions, capital transaction and external guarantee of the Company as well as giving their independent opinions or recommendations, whereby the overall interests of the Company and the lawful interests of the Shareholders as a whole have been effectively safeguarded. Independent non-executive Directors have played an important role in the Board.

Composition of the Board satisfied the demand of the Company’s business for the Board members concerning their skills and experience together with perspectives and diversified angles. Change of the Board members will not bring in unsuited interference. Executive Directors and non-executive Directors (including independent non-executive Directors) of the Board constitute a balance structure with strong independency is capable of making independent judgment. Non-executive Directors possess sufficient caliber and number to put forward influential opinions and thus effectively safeguarding the interest of the Company as a whole and of all its Shareholders.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### 3. *Meetings of the Board*

During the Year, the Board convened a total of eighteen Board meetings in view of the needs of the operation and business development of the Company. Board meetings and resolutions are published on the websites of the Stock Exchange, the SSE and the Company for review by Shareholders and investors.

The Board holds regular meetings on a quarterly basis and extraordinary meetings if necessary. The notice of regular Board meeting shall be sent to all Directors at least 14 days before the meeting, the notice of other extraordinary Board meetings shall be sent to all Directors at least 10 days before the meeting. The chairman, more than one third of Directors, more than one half of independent non-executive Directors, the Supervisory Committee, the general manager or Shareholders representing more than one tenth of voting rights have rights to propose the convening of an extraordinary Board meeting in accordance with the Rules of Procedures of the Board.

The management of the Company is responsible for providing of relevant statistics and information required for the Board's consideration of various resolutions and arranging for senior executives to report their work at Board meetings. The Board and its special committees are entitled to appoint independent professional institutions for services according to the needs of corporate businesses, and the reasonable expenses incurred there from shall be borne by the Company.

When a Board meeting considers any transaction, Directors shall declare their interests involved, and shall abstain from voting at the meeting as required. The Company has stated in the Articles of Association that, if a Director has a conflict of interest in any material matter, the connected Director must abstain from voting at the Board meeting.

### **Directors**

#### 1. *Appointment*

Directors are elected at general meetings. Shareholders, the Board or the Supervisory Committee are eligible to nominate candidates for Directors in writing. Directors serve for a term of office of 3 years and, upon expiry of the term, their appointment is subject to further consideration at general meetings and they may offer themselves for re-election. Independent non-executive Directors shall be the persons not connected with the management and substantial Shareholders of the Company. There are no relationships (including financial, business, family or other material/relevant relationships) among the Directors.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### 2. *Information support and professional development*

As always, the Company has been committed to improving its internal information support system and communication mechanism so as to secure effective functioning of the Board. Through the Secretary to the Board, all Directors during their term of office are able to keep abreast of relevant information and the latest movements in laws, regulations, regulatory ordinances and other continuing obligations that directors of listed companies shall comply with, on a timely basis. Through various means such as statistics provision, work reports, site visits, professional trainings and special conference, and etc., all Directors are enabled to keep informed of the business development, competition and regulatory environment of the Company on a timely basis, thus ensuring the Directors understand their duties. This facilitates correct and effective decisions by the Directors and ensures procedures of the Board and the applicable laws and regulations are duly observed.

In 2024, the participation of Directors in continuing professional development activities is as follows:

Name of Director	Type of Activity	
	Reading materials in respect of traffic and transportation, anti-bribery, corporate governance, capital operation and financial accounting	Participation in centralized trainings and attendance in forums, seminars and meetings on regulatory work
Luo Zuyi	✓	✓
You Zhiming	✓	✓
Yang Shaojun	✓	✓
Ma Yonghan	✓	✓
Mao Yurong	✓	✓
Li Chengyong	✓	✓
Chen Chaoxiong	✓	✓
Yu Haizong	✓	✓
Bu Danlu	✓	✓
Zhou Hua	✓	✓
Jiang Tao	✓	✓
Li Wenhua	✓	✓
Wu Xinhua	✓	✓
Zhang Qinghua	✓	✓

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### 3. *Performance of duties for the Year*

During the Reporting Period, the members of the Board were jointly responsible for the management and operation of the Company's businesses. Each Director actively cared for the Company's businesses and cautiously and diligently executed their respective responsibilities on the basis of fully understanding the Company's businesses and in good faith in the best interests of the Company.

In 2024, the attendance of the Board meetings and general meetings by the Directors is as follows:

Name of Director	Required attendance in Board meetings during the Year	Attendance of Board Meetings			Attendance of General Meetings	
		Attendance in person	Attendance via communications	Attendance by proxy	Attendance in person/required attendance	Number of attendance/meetings
Luo Zuyi	15	15	0	0	15/15	5/5
You Zhiming	18	18	0	0	18/18	6/6
Yang Shaojun	4	4	3	0	4/4	2/2
Ma Yonghan	18	18	0	0	18/18	6/6
Mao Yurong	4	4	0	0	4/4	4/4
Li Chengyong	18	18	0	0	18/18	6/6
Chen Chaoxiong	18	18	0	0	18/18	6/6
Yu Haizong	18	18	0	0	18/18	6/6
Bu Danlu	18	18	0	0	18/18	6/6
Zhou Hua	18	18	0	0	18/18	6/6
Jiang Tao	8	8	0	0	8/8	3/3
Li Wenhui	1	1	0	0	1/1	1/1
Wu Xinhua	11	11	6	0	11/11	4/4
Zhang Qinghua	10	10	0	0	10/10	3/3



## CORPORATE GOVERNANCE REPORT (CONTINUED)

Number of Board meetings held during the Year	18
Of which: Number of physical meetings	0
Number of meetings held via communications	0
Number of meetings held by way of combination of both	18

During the Reporting Period, all Directors of the Company have attended the Board meetings with due care and diligence, and offered professional suggestions and independent judgments in respect of the material issues being discussed at the meetings by virtue of their expertise and experience.

Apart from attendance of Board meetings with due diligence and performance of their duties with honesty, the independent non-executive Directors of the Company also held meetings with external auditors to discuss annual auditing issues in accordance with relevant requirements and guidance and provided independent opinions and recommendations to the Board in respect of material issues and connected transactions of the Group, and etc. During 2024, independent non-executive Directors, by means such as joining the Board and special committees, reviewed and provided independent opinions on material issues of the Company such as investment decisions, connected transactions, profit distribution and internal control, whereby the overall interest of the Company and the lawful interest of the Shareholders as a whole had been safeguarded and the healthy development of the Company had been promoted. The Board, through reviewing the implementation of the above mechanisms, believes that they can effectively ensure that the Board obtains independent views and opinions.

During the Year, the independent non-executive Directors had neither raised any objections to the resolutions of the Board nor made any proposals to convene a Board meeting.

#### **4. *Remunerations of Directors and Supervisors***

Until now, remunerations of the Directors, Supervisors (excluding the employee's representative Supervisor(s)) and senior management of the Company are determined in accordance with relevant PRC policies or regulations, the Company's actual situation, and meanwhile taking his/her job responsibilities, risk assumed and contribution into consideration. The Board (considering the opinions of the Remuneration and Appraisal Committee) and the Supervisory Committee may make suggestions on the remunerations schemes for Directors and Supervisors (excluding the employee's representative Supervisor(s)) which shall be considered and approved at the general meeting; while the remunerations schemes for senior management shall be considered and approved by the Board (considering the opinions of the Remuneration and Appraisal Committee). The incentive (if any), individual awards (if any) and allowances for the aforesaid staff on his/her term of office should be determined by the Board as authorized by the general meeting, after giving consideration to the opinions of the Remuneration and Appraisal Committee. Information on the remunerations of Directors and Supervisors of the Company for 2024 is set out in Note 8 to the financial statements of this annual report.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### 5. *Independence of Directors*

The Company has appointed a sufficient number of independent non-executive Directors. The Board has obtained written confirmations from all independent non-executive Directors concerning their independence in accordance with the requirements of Rule 3.13 of the Listing Rules on the Stock Exchange. The Company believes that the incumbent independent non-executive Directors have all complied with such rule and the relevant regulations on the SSE and are still regarded as independent.

### 6. *Securities transactions by Directors*

During the Year, the Company has adopted a code of conduct regarding securities transactions by the Directors on terms not less exacting than the required standards set out in the Model Code, and has strictly complied with the relevant requirements of the Listing Rules. Having made specific enquiries to all Directors, it was confirmed that the Directors of the Company have complied with the Model Code in relation to securities transactions by the Directors and its standards on code of conduct and there had not been any non-compliance with the relevant requirements on the Model Code and the Listing Rules.

### 7. *Director's liability insurance*

Purchase of liability insurance for Directors will, on one hand, enable the Company to establish an effective prevention mechanism against the vocational risks associated with the management staff, encourage their innovation, attract more excellent management talents and optimize the corporate governance structure of the Company; and on the other hand, it will enhance the anti-risk ability of the Company and contribute to the protection of the lawful interests of minority and medium Shareholders. During the Year, the Company has purchased liability insurance for Directors, Supervisors and senior management members of the Company in relation to their performance of duties.

### 8. *Responsibility statement on financial statements by the Directors*

The Directors confirm that they have the responsibility to prepare the financial statements that can give a true and complete view of the Group's financial position. The Board is of the opinion that as the Company's resources are sufficient for its operation in future, the financial statements have been prepared based on the going concern, and that in preparation of such financial statements, applicable accounting policies were adopted.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### 9. *Chairman and General Manager*

Mr. Luo Zuyi serves as the chairman of the Company. The chairman of the Board shall exercise the following powers: (1) to preside over general meetings and to convene and preside over meetings of the Board; (2) to check on the implementation of resolutions of the Board; (3) to sign the securities certificates issued by the Company; (4) to exercise other powers conferred by the Board.

Mr. You Zhiming serves as the general manager of the Company. The general manager shall be accountable to the Board and exercise the following powers: (1) to be in charge of the Company's operation and management and to organise the implementation of the resolutions of the Board; (2) to organise the implementation of the Company's annual business plan and investment plan; (3) to propose plans for the establishment of the Company's internal management structure; (4) to propose the Company's basic management system; (5) to formulate basic rules and regulations for the Company; (6) to propose to the Board the appointment or dismissal of the Company's deputy general manager(s) and the financial controller; (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board; (8) to determine rewards and punishments, promotion and demotion, increase and decrease of salaries, recruitment, appointment, termination of employment and dismissal of the staff and workers of the Company; (9) to, as authorised by the Board, represent the Company in important external business transactions; and (10) to exercise other powers conferred by these Articles of Association and the Board.

### (III) Committees under the Board

In order to help the Board to discharge its duties and promote effective operation, four committees have been set up under the Board. These committees review and monitor matters in specific areas of the Company within their designated terms of reference, and make corresponding recommendations to the Board. The detailed implementing rules for each committee has been approved by the Board and published on the websites of the Stock Exchange, the SSE and the Company for inspection by the Shareholders and the investors.

Members of the committees shall be elected and appointed by the Board in accordance with the provisions under the detailed implementation rules for their respective committees and with the same term of office as the Board. Members of the committees may, if re-elected upon expiration of their terms of office, serve consecutive terms.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

During the Year, the composition and duty performance of the members of the committees under the eighth session of the Board of the Company during the period from 1 January 2024 to 31 December 2024 are set out as follows:

Name of Director	Role of Director	Audit Committee		Strategic Committee		Nomination Committee		Remuneration and Appraisal Committee	
		Member ("✓")	Number of	Member ("✓")	Number of	Member ("✓")	Number of	Member ("✓")	Number of
		Chairlady ("**")	attendance/ meeting	Chairman ("**")	attendance/ meeting	Chairman ("**")	attendance/ meeting	Chairman ("**")	attendance/ meeting
Luo Zuyi	Executive Director			*	1/1	✓	3/3		
Chen Chaoxiang	Non-executive Director							✓	5/5
Yu Haizong	Independent non-executive Director								
Bu Danlu	Independent non-executive Director			✓	1/1	*	4/4		
Zhou Hua	Independent non-executive Director	*	8/8					✓	5/5
Jiang Tao	Independent non-executive Director	✓	8/8			✓	4/4		
Zhang Qinghua (resigned)	Independent non-executive Director	✓	2/2	✓	0/0			*	2/2
		✓	6/6	✓	1/1			*	3/3

### 1. Audit Committee

The Company set up the Audit Committee in November 2004. The major terms of reference of the Audit Committee are as follows: to review the Company's financial information and its disclosure; to perform corporate governance functions, and supervise the Company's internal control, financial reporting system and risk management procedures; to make recommendations on the appointment and dismissal of external accountants, review and monitor the external accountant's independence and objectivity and the effectiveness of the audit process; and to work with the Board to formulate policies concerning the Company's engagement of accountants and supervise the implementation of such policies.

In respect of the performance of corporate governance functions by the Audit Committee, the Board has authorized the committee to perform the following functions: to formulate and review the Company's corporate governance policies and practices and make recommendations to the Board in respect thereof; to review and monitor the Company's compliance with the regulatory systems under the laws and regulations (including but not limited to the Listing Rules) and regulatory authorities (including but not limited to the Stock Exchange and the SSE); to formulate, review and monitor the code on conduct and compliance manual (if any) for the Company's staff and Directors; and to review the Company's compliance with the Corporate Governance Code (as amended time from time) set out in the Appendix C1 to the Listing Rules on the Stock Exchange and the disclosure of such compliance in the Corporate Governance Report in its periodical reports as required under the Listing Rules.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

The committee hereby presents its work report during 2024 as follows:

### **Written Report of the Audit Committee**

The Audit Committee convened 8 meetings in 2024 and 2 meetings from 1 January 2025 to the date of this report. Meetings of the Audit Committee were presided over by the chairman of the Audit Committee. All members of the committee attended the meetings in person. The external auditors and the Supervisors, the secretary to the Board and the financial controller of the Company were also invited to attend the meetings except for the fifteenth meeting of the Audit Committee under the eighth session of the Board, which was only attended by members of the Audit Committee and the external auditors. The major work completed by the Audit Committee during the said period is as follows:

#### **– *Reviewing regular financial reports***

The Audit Committee is responsible for examining and supervising the integrity of the Company's financial statements, accounts and periodical reports, and reviewing significant financial reporting judgments contained in such statements and annual reports. In accordance with relevant procedures, the management is responsible for preparation of the Group's financial reports including adoption of appropriate accounting policies, the external auditors are responsible for auditing and verifying the Group's financial reports and evaluating the Group's internal control system, while the Audit Committee supervises the work of both the management and the external auditors and confirms the procedures and safeguard measures adopted by the management and external auditors. In reviewing these statements and reports before submission to the Board, the Audit Committee should focus particularly on any changes in accounting policies and practices, matters involving significant judgment, significant adjustments resulting from audit and the going concern assumptions, any qualified opinion and whether it is in compliance with relevant accounting standards and requirements concerning financial reporting under the Listing Rules and laws. The specific work includes:

- (1) Reviewing the 2023 annual financial statements and unaudited financial statements for the first half year of 2024 (according to the HK GAAP and the PRC GAAP), unaudited financial statements for the first and third quarters of 2024 (according to the PRC GAAP), and making approval suggestions to the Board.
- (2) Before the annual audit of 2024, the Audit Committee convened a meeting to hear the plan for preparation and annual audit of 2024 financial report of the Company and the report on annual audit plan from external auditors, and communicated on the audit scope, method, focus and specific scheduling for the Year.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

- (3) After completing audit and issuing preliminary audit opinions by external auditors, the Audit Committee convened the 2025 first meeting to discuss and communicate with the external auditors of the Company on relevant issues of the financial and accounting statements of the Company and the preliminary audit opinions of the auditors.
- (4) During the audit process for the Year, the Audit Committee maintained continuous communications with external auditors, who submitted this Year's audit report on time after prior and complete communications and prompt supervision during the audit.
- (5) The Audit Committee convened the 2025 second meeting to consider the 2024 annual audit report of the Company and considered that the Group's 2024 annual financial statements can truly and correctly reflect the operation results of the Group for the year 2024, and the financial position as at 31 December 2024. It recommended the Board to make approval.

– *Risk management, internal control and corporate governance reviewing*

The Audit Committee is responsible for assisting the Board in reviewing the adequacy and effectiveness of the Group's risk management and internal control. During the Year, the Audit Committee inspected financial control, internal audit, risk management and the progress of internal control construction. No impropriety in respect of financial reporting, internal audit, risk management, internal control or other aspects that might occur has been brought to the attention of the Audit Committee by any employees of the Company. The Audit Committee earnestly reviewed the Group's financial and accounting policies and practices, the Internal Control Manual in areas such as the corporate-level control and business-level control, focused on the examination of the implementation of rectification for the general defects found in the 2023 Self-Assessment Report of Corporate Internal Control, and reviewed the effectiveness of the Group's internal control (including finance, operation, compliance control and risk management functions), and the resources and qualifications and experience of staff in respect of the Company's accounting and financial reporting functions and the sufficiency of training sessions for staff and relevant budgets. On this basis, the Audit Committee reviewed the 2024 Self-Assessment Report of Corporate Internal Control of the Company and was of the opinion that the report gave a comprehensive and objective view of the establishment and operation of the internal control system of the Company, and that the Company has established a relatively complete internal control system and is continuously optimizing and improving the system, which plays favorable supervision and guiding functions for the standard operation of the Company.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

During the Year, the Audit Committee also performed the corporate governance functions delegated by the Board, reviewed the compliance with the regulator rules under the Code on Corporate Governance Practices and the Corporate Governance Code, and laws and regulations, and reviewed the information disclosed in the Corporate Governance Report of the Company.

– ***Work evaluation on auditors***

(1) The Audit Committee appraised the audit work and performance capacity of the Company's PRC auditor, BDO China Shu Lun Pan Certified Public Accountants LLP in 2024 from the following aspects:

a. Professional competence

BDO China Shu Lun Pan Certified Public Accountants LLP holds the practising certificate as an accounting firm and has the qualification in auditing business and other businesses, and all the members therein are China Certified Public Accountants with a wealth of financial auditing experiences.

During the Reporting Period, BDO China Shu Lun Pan Certified Public Accountants LLP had a smooth communication with the management and the Audit Committee, maintained a higher standard in giving professional opinions, and in audit quality and efficiency of financial information disclosure, as such, it possessed stronger professional capacity.

b. Investor protection capacity

BDO China Shu Lun Pan Certified Public Accountants LLP has purchased occupational insurance that complies with relevant regulations. The sum of accumulative compensation limit of occupational insurance and occupational risk fund has exceeded RMB1,200 million, and the provision for the occupational risk fund or the purchase of the occupational insurance are in compliance with relevant regulations. In the past three years (2022 to 2024), BDO has not been required to bear any civil liabilities due to civil litigation related to its practice other than the case of Disputes over the Liability for Misrepresentation of Securities against Geeya Technology and Protruly.



## CORPORATE GOVERNANCE REPORT (CONTINUED)

c. Independence and integrity of the project members

In the past three years (2022 to 2024), BDO China Shu Lun Pan Certified Public Accountants LLP was subject to 0 criminal punishment, 5 administrative punishment, 43 regulatory measures, 4 self-regulatory measure and 0 disciplinary decision for its business practice, involving 131 practitioners.

There is no circumstance in breaching the independence requirement under China Code of Ethics for Certified Public Accountants 《中國註冊會計師職業道德守則》 by BDO China Shu Lun Pan Certified Public Accountants LLP and its project partners, signing certified public accountants, project quality control reviewers and other practitioners. In the past three years (2022 to 2024), no project partner, signing certified public accountant, or project quality control reviewer has been subject to criminal penalties, and administrative penalties or supervisory measures imposed by the SFC and its agencies or industry authorities, or self-regulatory measures or disciplinary actions imposed by securities exchanges, industry associations, or other self-regulatory organizations.

The Audit Committee considered that BDO China Shu Lun Pan Certified Public Accountants LLP appointed by the Company as the PRC auditor of the Company for the year 2024 had good performance in terms of professional competence, investor protection capacity, independence and integrity, etc.

- (2) The Audit Committee considered that PricewaterhouseCoopers appointed by the Company as the international auditor for the year 2024 had good performance in terms of independence and objectivity, professional technical level, auditing quality and efficiency of financial information disclosure, communication results with the management and the Audit Committee, etc.

**Bu Danlu, Zhou Hua, Jiang Tao**  
*Members of the Audit Committee*

28 March 2025

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### **2. Strategic Committee**

The Company established the Strategic Committee in March 2012. The major responsibilities of the Strategic Committee include the planning of the long-term development strategies of the Company, conducting research and submitting proposals regarding material investment and financing plans that are subject to the approval of the Board in accordance with the Articles of Association of the Company, material capital operations, assets operation projects, and other material matters that may affect the Company's development, and carrying out examination on the implementation of the above matters, etc.

During the year, the Strategic Committee carefully reviewed the relevant matters of the Company's acquisition of 85% equity interest in Hubei Jingyi Expressway through share issuance and cash payment. The Strategic Committee unanimously considered that the acquisition is in line with the development strategy of the Company "14th Five-Year Plan", conducive to enhancing the Company's sustainable development capability and road network scale, further optimizing the Company's asset structure and focusing on the main businesses. The committee agreed to submit a resolution on the acquisition of 85% equity interest in Hubei Jingyi Expressway through share issuance and cash payment by the Company for consideration by the Board.

### **3. Nomination Committee**

The Company established the Nomination Committee in March 2012. The major terms of reference of the Nomination Committee were specified to include: to formulate and review the diversified policy for members of the Board and carry out discussions and amendments to the policy concerned where it is needed and to disclose the reviewing conclusion in the Corporate Governance Report of the Company on a yearly basis; to give suggestions to the Board on the structure, composition and change of members of the Board according to the Company's actual situation; to study the selection criteria and procedures for Directors and managers, and give suggestions to the Board; to seek qualified candidates for Directors and managers in a broad scope, and nominate relevant candidates for Directors and management staff after selection, or to give opinions to the Board in this regard; to examine the candidates for Directors, managers and other senior management staff, and give suggestions to the Board; to assess the independence of independent non-executive Directors; to give suggestions to the Board on the appointment or re-appointment of Directors and the succession plan for Directors (especially the chairman of the Board and the general manager), etc.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

The Board diversity policy of the Company is that the Nomination Committee takes into consideration various factors, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge, when determining the Board composition. On top of the above factors, qualities such as the candidate's comprehensive value to the business and development of the Company, his/her potential contribution to the Board and requirements on Board diversity will be taken into account when making the final decision.

During the Year, the Nomination Committee discussed and reviewed the Implementation Rules of the Nomination Committee under the Board; the Nomination Committee also reviewed the structure, size and composition of the Board (including knowledge, skills and experience of its members). Upon discussion, members of the Board have been diversified in terms of age, cultural and educational background, professional experience, skills and knowledge.

As at 31 December 2024, the Company has three female Directors and the Board will endeavour to maintain enough female representation on the Board. In addition, the proportion of male and female employees among all employees (including senior management) of the Group is 49.74% and 50.26%, respectively, with 67.02% and 32.98% of senior management being male and female respectively. Therefore, the Board considers that the Group's employees, including senior management, to be sufficiently gender-diverse.

### **4. *Remuneration and Appraisal Committee***

The Company established the Remuneration and Appraisal Committee in March 2012. The Remuneration and Appraisal Committee has adopted the operation mode of performing the advisory role for the Board and the committee is responsible for reviewing the matters regarding remuneration, formulating remuneration policies and putting forward suggestions to the Board on the remuneration policies, formulating assessment standards for the Directors and senior management of the Company and conducted assessment, and reviewing and monitoring the training and continuing professional development of Directors and senior management members.

During the Year, the Remuneration and Appraisal Committee carefully reviewed the service contracts proposed to be entered into in relation to the election of Directors to the Board, and submitted the remuneration suggestions to the Board by reference to market level and in combination of the actual situations of the Company and the candidates, which were approved by the Board. The Remuneration and Appraisal Committee also supervised and reviewed the implementation of the Company's remuneration system. It also conducted assessment and evaluation on the operation performance and sustainable professional development of the executive Directors and the management of the Company for 2024.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### III. SUPERVISORY MECHANISM

#### (I) Supervisory Committee

As at 31 December 2024, the Supervisory Committee comprises 5 Supervisors, and is the eighth session of the Supervisory Committee since establishment of the Company. The term of office of Supervisors commenced from 18 November 2022 or the date of election of the Supervisors. Composition of the Supervisory Committee is set out in Section VIII “Profile of Directors, Supervisors, Senior Management and Employees” of this annual report.

The Supervisory Committee exercises the independent power to supervise the Company pursuant to the laws to protect Shareholders, the Company and employees from violation of their lawful interests.

The size and composition of the Supervisory Committee are in compliance with the requirements of the laws and regulations. During the Year, the Supervisory Committee convened 13 meetings in total. All Supervisors attended each committee meeting, all of whom supervised, on behalf of the Shareholders, the Company’s financial affairs as well as the legality and compliance of the duties performed by Directors and senior management. During the Reporting Period, all members of the Supervisory Committee, except those with important business engagement, attended the meetings of the Board and general meetings as observers, and honestly performed the duties of the Supervisory Committee. The working details of the Supervisory Committee are set out in Section IX “Report of the Supervisory Committee” in this annual report.

#### (II) Risk Management and Internal Control

A comprehensive and practicable risk management and internal control system is a foundation for good corporate governance. The Board is responsible for the establishment and improvement of risk management and internal control system of the Company for the purposes of reviewing the relevant control procedures of finance, operation and regulation so as to protect the Shareholders’ interest and the Company’s assets. The Board approves the management to promote the internal control system and review its effectiveness through the Audit Committee. To more effectively review the operation and management of the Group and the effectiveness of its internal control system, the Company has set up the Internal Control and Audit Supervisory Department to introduce an independent internal audit system, and carry out analysis and independent assessment on the integrity and effectiveness of the Group’s risk management and internal control system. During their work, the internal audit staff has the right to access the relevant information of the Company and inquire the relevant personnel. Manager of the Internal Control and Audit Supervisory Department reports the work results to the Audit Committee, and after review, the Audit Committee gives suggestions to the management of the Company, and follows up the implementation of the rectification plan. The Board has obtained the management’s validation on the adequacy and effectiveness of the Company’s risk management and internal control system during the Year.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

In order to implement the “Basic Rules for Internal Control of Enterprises” jointly issued by the Ministry of Finance, the CSRC, the National Audit Office, the China Banking Regulatory Commission and the China Insurance Regulatory Commission and the Implementary Guideline for Enterprise Internal Control, and in light of the “Guidelines on Internal Control for Companies Listed on the SSE” by the SSE and the Code, the Company has launched the construction of corporate internal control system in an all-around way since the second half of 2010, further specifying the tasks and targets for the establishment and improvement of the internal control system, self-assessment and auditing. During the Reporting Period, all the main tasks progressed as scheduled, and the Company’s internal control system was further strengthened. For details, please refer to “Sound Establishment of Risk Management and Internal Control System of the Company” in this section.

Through identifying, analyzing and responding the risk items (including ESG risks) in the business process of the Company, it ensures its steady and healthy development. In order to quickly identify risks and respond promptly, the management continues to focus on and monitor the operation of risk management and internal control system, and reports the quarterly monitoring results to the Board at least once a quarter. At the same time, in order to refine the management principles and requirements of inside information and its insiders and further improve the Company’s risk management system, the Company has formulated the “Insider Management System” since March 2010 and made the first amendment in March 2012. During the Reporting period, the Company has not taken any significant risks (including ESG risks) and has no significant monitoring errors or significant monitoring weak spots.

### (III) Auditors

The financial statements included in the 2024 Annual Report of the Company were prepared in accordance with the China Accounting Standards for Business Enterprises and the Hong Kong Financial Reporting Standards, respectively, and have been audited by the PRC auditor, BDO China Shu Lun Pan Certified Public Accountants LLP and the international auditor, PricewaterhouseCoopers respectively. The statements by the auditors on their reporting and auditing responsibilities for the financial statements are set out in the independent auditors’ report contained in this annual report.

The fees paid to the PRC and international auditors this Year are as follows:

Items <sup>(Note)</sup>	2024		2023	
	BDO China Shu Lun Pan Certified Public Accountants LLP	Pricewaterhouse Coopers	Shinewing Certified Public Accountants (Special General Partnership)	Ernst & Young Certified Public Accountants
Fees for audit/review of financial statements (RMB'000)	1,390	1,996	1,350	2,210
Audit fee of internal control (RMB'000)	240	–	300	–

Note: Other than the above fees, no other fees were paid by the Company during the Year.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

The Company appoints its auditors at general meetings and the auditors appointed by the Company shall hold office until conclusion of the next annual general meeting. To dismiss any auditor during its term of office shall be subject to the consideration and approval at general meetings. During the Year, the Audit Committee has discussed and assessed the professional qualification of BDO China Shu Lun Pan Certified Public Accountants LLP and PricewaterhouseCoopers and the annual audit for 2024 performed by them, and raised opinions and recommendations in respect thereof.

### (IV) Company Secretary

Mr. Yao Jiancheng and Mr. Wong Wai Chiu are Joint Company Secretaries of the Company in Hong Kong. Mr. Yao Jiancheng is also the secretary to the Board in the PRC.

During the Reporting Period, Mr. Yao Jiancheng and Mr. Wong Wai Chiu have received more than 15 hours of relevant professional training respectively.

### (V) Information Disclosure and Investor Relations

#### *Information disclosure*

To disclose information in a true, accurate, timely and complete manner is not only the responsibility and obligation of listed companies, but also a channel of communication and understanding between a company and its investors and the public. On the principle of being open, just and fair, during the Reporting Period, the Company complied with the requirements under relevant laws and the Listing Rules on the SSE and the Stock Exchange and fulfilled its statutory disclosure obligations in an honest manner, so as to ensure that all Shareholders enjoy an equal and sufficient access to information, and improve the transparency of the Company.

During the Reporting Period, the Company released 4 periodic reports, 131 announcements concerning A Shares and 125 announcements concerning H Shares pursuant to the Listing Rules on the SSE and the Stock Exchange. Announcements concerning A Shares were published on the websites of the SSE and the Company as well as in China Securities Journal and Shanghai Securities News, while those concerning H Shares were published on the websites of the Stock Exchange and the Company. Details of all these announcements are available for inspection on <http://www.sse.com.cn>, <http://www.hkexnews.hk> or the Company's website <http://www.cygs.com>.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### *Investor relations*

The management of the Company attaches great importance to investor relations management. Firstly, in conjunction with the Company's medium- and long-term development strategy, the Company has carried out synchronized planning for investor relations management, and included "market value management" as one of the "five core development strategies" in the Company's "14th Five-Year Plan". Secondly, the Company has continued to improve the system construction, revised its Work System of Investor Relations in accordance with the Work Guidelines for the Investor Relations Management of Listed Companies of the China Securities Regulatory Commission to further refine the work requirements, and established the Rules Governing Information Disclosure Matters to regulate the Company's voluntary information disclosure and optimize the management of investor relations. Thirdly, the Company held a market value management work meeting, proposed the establishment of a long-term mechanism to strengthen market value management. Fourthly, the Company has coordinated and deployed the work of organizing and coordinating investor relations management by the Secretary to the Board, and the Board Office, as a dedicated department for carrying out investor relations work, is equipped with specialized personnel.

During the Reporting Period, on the basis of strictly discharging its obligations in respect of statutory information disclosure, the Company, on one hand, through various forms of investor relations activities, conveyed information to investors which they are concerned with, increased the transparency of the Company, and enhanced mutual understanding and trust, while on the other hand, in delivering information to investors, the Company listened to their advice and collected feedback from them, aiming to form an interactive and mutual beneficial relation between the Company and investors. When the Company conducts its investor relations work, the Board Office of the Company undertake the specific responsibility for investor relations management mainly through: responding to investors' inquiries through the investor hotline, e-mail and network interactive platform in a timely manner; reception of investors and institutions engaged in securities analysis for field research; participating in large-scale investor presentations; hosting results presentations as well as domestic and overseas road shows; publishing information related to the Company's assets, traffic flow, toll income, information disclosure and corporate governance on the Company's website, etc.

The Board was satisfied with its implementation and effectiveness after conducting an annual review during the Reporting Period.

## IV. CONCLUSION

Sound corporate governance goes beyond merely meeting the regulatory authorities' basic requirements for listed companies' operation. More importantly, it fulfills the Company's internal development needs. The Company is committed to continuously enhancing its corporate governance standard. As a listed company with both A Shares and H Shares, we will continue to review and improve the Company's corporate governance practice from time to time in accordance with the regulatory systems in Shanghai and Hong Kong, market trend and feedback from investors to ensure steady development of the Company and continuous increase in Shareholders' value.



# REPORT OF THE DIRECTORS

The Board hereby presents its report and the audited financial statements for the year ended 31 December 2024.

## PRINCIPAL ACTIVITIES

The Group is principally engaged in the investment, construction, operation and management of certain expressway projects in the province, green energy investment business and integrated development of resources along the routes. Details of the principal activities of the subsidiaries of the Company are set out in Note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the Year.

Particulars of the toll roads managed and operated by the Group as at 31 December 2024 are as follows:

<b>Toll items</b>	<b>Origin/destination</b>	<b>Approximate length</b>	<b>Date of commencement of official operations of the toll expressway</b>
Chengyu Expressway	Chengdu/Shangjiapo	226 km	7 October 1997
Chengya Expressway	Chengdu/Duiyan	144.1 km	1 January 2000
Chengren Expressway	Jiangjia/Zhichanggou	106.613 km	18 September 2012
Chengle Expressway	Qinglongchang/Guliba	86.4 km	1 January 2000
Chengbei Exit Expressway	Qinglongchang/Baihelin	10.35 km	21 December 1998
Suixi Expressway	Jixiang Town/Taiping Town, Xichong County	67.644 km	9 October 2016
Suiguang Expressway	Jinqiao interchange/Hongtudi interchange intersecting Miansui Expressway	102.941 km	9 October 2016
Second Ring (Western) Expressway	Yongxing Town/Mengyang Town	114.26 km	16 February 2016

## BUSINESS REVIEW

The business review conducted in accordance with the specified items in Schedule 5 of Hong Kong Company Ordinance includes detailed descriptions of group business, revelation of the possible trend of development of the Group business, the analysis on key financial performance indicators as well as the introduction of the relationships between the Group and its employees, which were respectively included in the following sections of the Annual Report: "Chairman's Statement", "Management's Discussion and Analysis", "Corporate Governance Report", "Profile of Directors, Supervisors, Senior Management and Employees". The aforesaid discussions and analyses shall constitute an integral part of Report of the Directors.

The business review conducted in accordance with other specified items in Schedule 5 of the Hong Kong Companies Ordinance includes major risks and uncertainties faced by the Group, major events that produced significant influences on the Group after the close of the Reporting Period, the introduction of the relationships between the Group and its customers and suppliers, the compliance of the Group with influential laws and regulations as well as the environmental policies and performances of the Company, which were included in this "Report of the Directors".

## REPORT OF THE DIRECTORS (CONTINUED)

### PRINCIPLE RISKS AND UNCERTAINTIES OF THE COMPANY

The risks faced by an enterprise refer to the impact of future uncertainties on the business objectives to be achieved by the enterprise. The Group is principally engaged in the investment, construction, operation and management of infrastructure such as toll roads. In recent years, with the rapid development and scale expansion of the Group's business, the risks faced by the Group are also increasing, primarily including policy risks, market risks, financial risks and management 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.

#### 1. Policy risks and the corresponding measures

##### **(1) Policy risks**

###### **a. Adjustment to tolling policy**

The earnings of the Group were mainly derived from the operation and investment of toll roads. According to the relevant provisions of the "Highway Law", "the Regulations on Administration of Toll Roads" and "the Regulations for Expressways of Sichuan Province", the expressway company itself does not have the discretion pricing right concerning the tolling standard, the determination and adjustment to the tolling standard of the expressways under its management shall be reported to the provincial competent transportation authority and the commodities pricing bureau at the same level for their review and approval. In the event of significant changes in the operating environment, price level and operating costs and other factors, highway companies could apply for tolling adjustment, but there can be no assurance that the application may be approved in time. In addition, if the Government has introduced a new highway toll policy, expressway companies should implement these policies in accordance with the provisions, which in turn to some extent will affect the stability of its operating efficiency.

###### **b. Restrictions on terms of operation**

According to the provisions of the "Regulations on Administration of Toll Roads", the tolling terms for toll roads shall be reviewed and approved by the people's government of the relevant province, autonomous region or municipality in accordance with the relevant standards. The term of toll collection of operational roads in central and western provinces, autonomous regions or municipalities designated by the State shall not be more than 30 years.

## REPORT OF THE DIRECTORS (CONTINUED)

According to the approval documents issued by relevant competent department of Sichuan Province, the toll collection deadline of Chengbei Exit Expressway was re-determined as 17 September 2025, on the premise of maintaining the original toll collection period of Chengbei Exit Expressway, as well as deducting the non-effective toll collection period caused by the policy waivers and reductions. The terms of toll collections of the existing roads under management by the Group, such as Chengyu Expressway, Chengya Expressway, Chengbei Exit Expressway, Chengle Expressway, Chengren Expressway, Suixi Expressway, Suiguang Expressway and Second Ring (Western) Expressway, will expire in 2027, 2029, 2025, 2029, 2042, 2046, 2046 and 2046, respectively, and the toll collection of Tianqiong Expressway has not yet commenced at present. Therefore, in the event that the toll collection terms of the Group's existing expressways expire and the Company has no other newly constructed or acquired operational expressway projects replenish in a timely manner, it will adversely affect the Company's sustainable business capacity.

*c. Adjustment of fee collection method*

From 1 January 2020, all the inter-provincial toll stations alongside expressways in China have been removed, the system of non-stop toll collection system has been officially used, and the significant adjustment of the expressway toll collection mode has brought new challenges to the management of toll roads of the Company. Firstly, at the beginning of the launch of new toll system, there were some technical and operational problems in actual operation process, which tested the performance of the Company's equipment and facilities and the technical level of managers. Secondly, the Company will face the problem of transferring a large number of charging personnel to other posts due to the fact that electronic toll has significantly replaced the manual toll.

### **(2) Corresponding measures**

For policy risks, on the one hand, the Company should take the initiative to strengthen communication with and report to the competent governmental departments, so as to receive the support from the government and recognition of the society; on the other hand, the Company should strengthen its corporate strengths to improve its risk resistance ability. To this end, the Company will consolidate the supporting position of its core business of expressway to promote the continuous growth of asset scale and business with the starting point of "resource integration, asset operation and technology empowerment". The Company will, in accordance with the principle of proactiveness and prudence, make full use of its own advantages in management and technology and other resources to actively study and make an attempt on the industries and businesses related to toll roads and core business of the Company.

# REPORT OF THE DIRECTORS (CONTINUED)

## 2. Market risks and the corresponding measures

### (1) Market risks

#### a. *Risks relevant to macroeconomic fluctuation*

Road traffic and turnover are highly correlated with GDP. With respect to the expressway, macroeconomic fluctuations will result in changes of the transport capacity (representing the changes in road traffic flow and total amount of charges) required by the economic activities, which will also directly affect the expressway company's operating performance. Although the long-term trend of steady economic development of the PRC will not change, the current economic descending pressure should also be placed great emphasis on. New circumstances and new problems continuously arise in international and domestic economic operations will also be a concern and challenge to the Mainland China's economy. These factors will bring uncertainty to the operation of the Group's toll road projects.

#### b. *Risks relevant to road network changes*

To accelerate the construction of a comprehensive transport hub in western Sichuan province to build up full-fledged urban transport, the government and transportation authorities aim to establish a comprehensive and convenient road network through revision and improvement of plans and designs of regional road network as appropriate and the initiatives such as constructing new expressways and fast lines.

According to the Planning of Sichuan Province Expressway Network (2022–2035) (《四川省高速公路網規劃 (2022–2035年)》), the expressway mileage in the province will reach 20,000 kilometers (including 600 km of expansion double-line), of which 8,500 km will be national expressways, 11,500 km will be provincial expressways, and 1,700 km will be long-term prospects. During the Fourteenth Five-Year Plan period, Sichuan continued to speed up the construction of major passageways out of Sichuan and urban clusters, promoted the extension of expressways to ethnic areas, and promoted the expansion and renovation of important passageways with heavy traffic. After the implementation of the plan, by 2035, the provincial highway network will be formed with "efficient direct connection of the main axis, smooth access of the two wings, close connection of the three belts, and convenient connection of the three states", and the highway planning density will be increased to 4.11 kilometers per 100 square kilometers to better support economic and social development and fully meet the growing needs of the people for a better life. Meanwhile, the incremental stimulus generated by competitive or synergistic road network changes and short-term diversion and long-term network effects, to some extent will bring both positive or negative impact on the Group's expressways.

## REPORT OF THE DIRECTORS (CONTINUED)

### **(2) Corresponding measures**

For market risks, the Company will continue to track and analyze macroeconomic environment, national policies, as well as the impact of regional economy where the road assets of the Company is located on the business and operation of the Company; the Company will set up appropriate response strategies, striving to reduce the impact of macroeconomic fluctuations on the Company's business activities. Meanwhile, 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 master the traffic trends, improve the quality of road network services and increase inspection efforts to ensure accuracy of operation and development strategic decisions of the Company.

### **3. Financial risks and the corresponding measures**

#### **(1) Financial risks**

##### **a. Potential tax risks**

The potential tax risks of the Company mainly include two aspects: on one hand, the tax activities of the Company may not comply with the provisions of the tax laws and regulations. The Company may face the risks of paying overdue taxes, fines, overdue fines, or suffering penalties and reputation damage in respect for its unpaid or less paid taxes for the taxable items; on the other hand, the Company may not accurately apply the tax law in business practices. We may have paid more taxes or borne unnecessary tax burdens since we may have not taken full advantage of relevant preferential policies.

##### **b. Financing risks**

With the increased number of investment projects, the investment scale maintaining at a rapid growth, the external financing needs of the Company has gradually become bigger. Under the current monetary policy, the borrowing costs from domestic commercial banks are relatively higher, and the borrowings are limited by the control of lending scale and investment direction from the banks. In order to meet future development needs and make full use of its own advantages as A+H shares listed companies, the Company continues to explore the construction of a multi-level, multi-channel financing model, so to achieve maximum optimization of capital costs and financing structure. Besides, our efforts of exploring new financing methods and channels will inevitably involve a large number of previously unfamiliar regulatory policies, laws and regulations, and we may bear relevant risks if we lack expertise in such areas.

## REPORT OF THE DIRECTORS (CONTINUED)

### **(2) Corresponding measures**

In view of the potential tax risks, the Company has adopted more effective tax risk prevention measures. Firstly, the Company has strengthened its learning about tax laws, regulations and policies, actively seeking for business guidance from tax collection and inspection authorities; secondly, hired tax consulting services agents to provide advices in respect of our tax activities; thirdly, designed control measures for the potential tax risk points, and strengthened the inspection and control of the work process of tax business. In view of the financing risks, the Company has adopted the following risk control measures: firstly, strengthened the training of relevant personnel to guide their continuous learning and growth; secondly, established strategic cooperative partnership with domestic and foreign financial institutions, and ensured mutual benefit and win-win results through long-term stable cooperation; thirdly, appointed intermediaries when necessary to provide professional advice on the Company's financing decisions and implementation of financing programs.

## **4. Management risks and the corresponding measures**

### **(1) Management risks**

#### **a. Daily operational risks and natural disaster risks**

After the completion and opening of the expressways, regular maintenances of the road are needed to ensure good road condition. In case of large repair area or long maintenance time, traffic flow will be affected. In our operation, in the event of floods, landslides, earthquakes and other unforeseen natural disasters, expressways are likely to be serious damaged and cannot work normally for a period of time. In case of fog, severe snow and ice, the expressway will be partially or even completely closed for a short period of time. Serious traffic accidents may cause traffic jams or weaken the traffic capacity or damage roads or bridges. The emergence of these situations will directly lead to the reduction in toll revenue and increase in maintenance costs, thus affecting the operation of expressway companies.

#### **b. Investment risks of expressway projects**

The expressway industry features large investments and long payback periods. It is a typical capital-intensive industry. Therefore, the investment strategy and decision of the project are the key factors to determine the asset quality and profit level of the Company. The Group regularly reviews and adjusts its investment strategies and utilizes external professional reports such as Feasibility Study Report, Traffic Volume Forecast and Valuation Report to maximize the quality of project evaluation. However, due to the complexity of the external environment, when the main assumptions or basic data of the project changes, the actual results of our of project investment may not meet our projections.

## REPORT OF THE DIRECTORS (CONTINUED)

### **(2) Corresponding measures**

In view of the above management risks, the Company has continued and will continue to take the following preventive and responding measures: strengthen the preventative maintenance and repairment of roads and reasonably arrange for the implementation of the project; effectively carry on comprehensive management measures by virtue of traffic law, high-speed traffic police and the Company's road asset management; strengthen road inspection under special weather conditions and ensure good road condition as well as safe and smooth traffic condition; vigorously implement the collection, research, demonstration and reserve work of high-quality projects, make timely adjustment of the project investment strategy, and create more sustainable growth points for the Group; continue promoting internal control system and improving the standardization and refinement level of the Group's management while strengthening the implementation efficiency and innovation ability, so as to enhance the comprehensive management ability.

## **IN COMPLIANCE WITH THE APPLICABLE LAWS AND REGULATIONS**

The business of the Group is mainly conducted by the subsidiaries of the Company in Mainland China. The Company is listed on the SSE and the Stock Exchange. Within the year of 2016, the Company successfully acquired 100% of the stake of CSI SCE (incorporated in Hong Kong), therefore, the Group shall comply with relevant laws and regulations in Mainland China, Hong Kong and the respective places of incorporation of the Company and its subsidiaries.

During the Year and up to the date of this annual report, the Board was unaware of any non-compliance with relevant laws and regulations that have a significant impact on the business and operations of the Group.

## **ENVIRONMENTAL POLICIES AND PERFORMANCES**

The Board highly values the relevant ESG matters, and approved and established the ESG work leading group. The Board supervises the matters related to ESG (including the ESG management principles, development strategies and supervision of relevant objectives) through the leading group.

The chairman of the Company shall be the leader of the leading group. The vice chairman and the general manager of the Company and the chairman of the Supervisory Committee shall be the deputy leaders. The other members of the executives of the Company shall be the members of the leading group, and shall conduct comprehensive management over the ESG work of the Group:

- to review the updates and prioritization of the Company's material issues and monitor the management of the issues;
- to consider the ESG-related risks and uncertainties faced by the Company;
- to review and approve ESG goal setting and continuously monitor progress towards achieving the goals.



## REPORT OF THE DIRECTORS (CONTINUED)

The leading group has established the ESG office, the director of which shall be served by the director of the Board office of the Company, the members of which shall be comprised of the persons in charge of all departments of the parent company of the Company, primarily being responsible for and coordinating the specific matters and daily management of ESG works:

- to establish a complete ESG data ledger and conduct the quantitative and qualitative statistical analysis;
- to set up ESG work objective, and improve ESG performance;
- to complete ESG work conclusion and data archiving of relevant businesses;
- to guide the implementation of the relevant ESG works of the branches and all subsidiaries;
- to report the works to the leading group.

In addition, the persons in charge of branches and all subsidiaries under the Company shall be the first responsible person of their respective ESG works. The branches and all subsidiaries shall establish the corresponding governance structure and comprehensively strengthen the ESG works with reference to the governance structure of ESG work of the parent company of the Company.

The “Environmental, Social and Governance Report” required by the Listing Rules will be published together with the Company’s annual report. For details about the environmental policy and performances, please refer to the “2024 Environmental, Social and Governance Report”, and please contact the Company if a print version is required.

## CHARITABLE DONATION

During the Reporting Period, the Group had no funds and materials for charity and social benefit.

## REPORT OF THE DIRECTORS (CONTINUED)

### RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2024 and the financial conditions of the Company and the Group at that date are set out in the audited financial statements on pages 128 to 136 herein.

Pursuant to the Articles of Association, if the Company distributes cash dividend, the Company shall distribute cash dividend in an amount not less than 30% of the distributable profit earned by the Company for the period concerned, based on the lower of the Company's profits determined under the following generally accepted accounting principles:

- the accounting principles and the relevant financial regulations applicable to joint-stock companies with limited liabilities established in the PRC ("PRC GAAP"); and
- Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance.

The Board has recommended a final cash dividend for the year 2024 of RMB0.29 per share of ordinary shares (tax inclusive), aggregating to approximately RMB886,837,000 and representing 65.13% of the distributable profit of the Company determined under PRC GAAP for the year and 60.79% of the profit attributable to owners of the Company as shown in the consolidated financial statements.

The proposed dividend distribution is subject to the approval of the Shareholders at the Company's forthcoming 2024 AGM. If approved, the final dividend is expected to be paid on or around Friday, 11 July 2025 to the Shareholders whose names appear on the H Shares register of members of the Company on Thursday, 12 June 2025 (the "Dividend Entitlement Date"). In respect of the arrangement in relation to the closures of H Shares register of members for the purposes of determining the Shareholders' entitlement to attend the 2024 AGM and to receive the proposed 2024 final dividend, please refer to the paragraph headed "CLOSURES OF REGISTER OF MEMBERS OF H SHARES" below.

This proposed final dividend is set out in Note 12 to the financial statements.

According to the Law on Corporate Income Tax of the People's Republic of China and its implementing rules which has come into effect since 1 January 2008 and other relevant rules, a PRC domestic enterprise which pays dividend to a non-resident enterprise Shareholder in respect of accounting period beginning from 1 January 2008 shall withhold and pay enterprise income tax at the rate of 10%. The Company, as a PRC domestic enterprise, is required to withhold and pay corporate income tax at the rate of 10% before distributing the final dividend to non-resident enterprise Shareholders as appearing on the H Shares register of members of the Company. Any Shares registered in the name of the non-individual registered Shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as being held by non-resident enterprise Shareholders and therefore will be subject to the withholding and paying of the corporate income tax by the Company.

## REPORT OF THE DIRECTORS (CONTINUED)

Should the holders of H Shares have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in the PRC, Hong Kong and/or other countries (regions) on the possession and disposal of the H Shares.

Shareholders should read the information herein carefully. If anyone would like to change the identity of Shareholder, please enquire about the relevant procedures with the nominees or trustees. The Company is neither obligated nor responsible for ascertaining the identity of the Shareholders. In addition, the Company will withhold and pay the corporate income tax in strict compliance with the relevant regulations or provisions and strictly based on what has been registered on the Company's H Shares register of members as at the Dividend Entitlement Date. The Company will disregard and assume no liabilities for any requests or claims in relation to any delay or inaccuracy in ascertaining the identity of the Shareholders or any disputes over the mechanism of withholding and paying corporate income tax.

Shareholders are advised that the aforesaid arrangements are not applicable to the arrangements for distribution of the final dividend in respect of A Shares, which however will be published in a separate announcement on the SSE by the Company.

### **DISTRIBUTION OF DIVIDENDS TO INVESTORS UNDER SOUTHBOUND TRADING LINK**

According to relevant requirements in the Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81) 《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號) and the Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127) 《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號) and, individual income tax (tax rate of 20%) shall be deducted by H Share companies from dividends received from investments in H Shares listed in the Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect by individuals and securities investment funds from Mainland China (excluding enterprise investors from Mainland China, which shall be declared and paid by themselves).

An agreement has been entered into between the Company and China Securities Depository and Clearing Corporation Limited regarding the dividend distribution arrangements to the H Share investors of the Company through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, pursuant to which, China Securities Depository and Clearing Corporation Limited, as the nominal holder of H Shares for Southbound Trading Link, will receive cash dividend declared by the Company and distribute them to relevant investors under Southbound Trading Link through its registration and settlement system. Cash dividend received by investors under Southbound Trading Link shall be settled in RMB. The Dividend Entitlement Date, cash dividend payment date and other time arrangements for investors under Southbound Trading Link shall be in line with that of Shareholders of H Shares of the Company.

Shareholders are advised that the aforesaid arrangements are not applicable in relation to the time and the arrangements for distribution of the final dividend in respect of A Shares, which however will be published in a separate announcement at the SSE by the Company.

## REPORT OF THE DIRECTORS (CONTINUED)

### SUMMARY FINANCIAL INFORMATION

The data for 2022 to 2024 below is a summary of the published results, assets and liabilities and non-controlling interests of the Group for the last two financial years, as extracted from the audited financial statements, and restated/reclassified as appropriate. The data for 2020 to 2021 below is a summary of the results, assets and liabilities and non-controlling interests of the Group's consolidated financial data restated but unaudited and on which the auditor has not expressed an opinion. This summary does not form part of the audited financial statements.

	Year ended 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000 (restated)	2021 RMB'000 (restated)	2020 RMB'000 (restated)
<b>RESULTS</b>					
Profit before tax	<b>1,870,434</b>	1,569,308	927,041	2,195,803	696,543
Income tax expense	<b>(330,909)</b>	(302,540)	(247,880)	(323,979)	(233,356)
<b>PROFIT FOR THE YEAR</b>	<b>1,539,525</b>	1,266,768	679,161	1,871,824	463,187
Other comprehensive income/ (loss), net of tax	<b>16,094</b>	(4,369)	11,772	203,171	(76,590)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>1,555,619</b>	1,262,399	690,933	2,074,995	386,597
<b>Profit attributable to:</b>					
Owners of the Company	<b>1,449,447</b>	1,190,814	626,897	1,791,664	404,099
Non-controlling interests	<b>90,078</b>	75,954	52,264	80,160	59,088
	<b>1,539,525</b>	1,266,768	679,161	1,871,824	463,187
<b>Comprehensive income attributable to:</b>					
Owners of the Company	<b>1,465,201</b>	1,186,499	639,135	1,995,699	326,095
Non-controlling interests	<b>90,418</b>	75,900	51,798	79,296	60,502
	<b>1,555,619</b>	1,262,399	690,933	2,074,995	386,597

## REPORT OF THE DIRECTORS (CONTINUED)

### ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000 (restated)	2021 RMB'000 (restated)	2020 RMB'000 (restated)
TOTAL ASSETS	61,032,031	57,640,787	56,199,140	57,046,865	56,901,683
TOTAL LIABILITIES	(41,536,405)	(40,967,506)	(34,588,353)	(35,572,164)	(37,262,570)
NON-CONTROLLING INTERESTS	(1,091,456)	(999,963)	(915,162)	(1,083,466)	(998,647)
<b>ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>18,404,170</b>	15,673,318	20,695,625	20,391,235	18,640,466

### PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in Note 14 to the financial statements, which constitutes part of the Report of the Directors.

### SHARE CAPITAL

There were no movements in either the Company's registered or issued share capital during the Year.

### PRE-EMPTIVE RIGHTS

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

### REPURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries repurchased, redeemed or sold any of the Company's listed securities during the Year.

### RESERVES

Details of movements in the reserves of the Company and the Group during the Year are set out in Note 30 to the financial statements and in the consolidated statement of changes in equity, respectively.

## REPORT OF THE DIRECTORS (CONTINUED)

### DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution, calculated in accordance with HK GAAP amounted to RMB8,034,734,000.

The Company's distributable reserves as at 31 December 2024 determined under HK GAAP were lower than those determined under PRC GAAP. In addition, in accordance with the Company Law of the PRC, the Company's share premium account, in the amount of RMB2,654,601,000 may be distributed in the form of bonus shares.

### MAJOR CUSTOMERS

The combined revenue attributable to the five largest customers of the Group accounted for less than 30% of the total revenue of the Group during the Year.

### SERVICE VENDORS

Sound relationships with key service vendors of the Group are important in supply chain, premises management and meeting business needs, which can derive cost effectiveness and foster long term business benefits. The key service vendors comprise equipment vendors, construction material vendors, oil products vendors, external consultants which provide professional services and other business partners which provide value-added services to the Group.

Total purchases attributable to the top five service vendors and the proportion over total purchases for the year are listed as below:

No.	Name	Purchase RMB'000	Percentage over the annual purchase (%)
1	Road and Bridge International Co., Ltd.	1,115,942	22
2	PetroChina Company Limited Sichuan Sales Chengdu Branch, Ziyang Branch, etc.	1,396,172	27
3	Sichuan Transportation Construction Group Co., Ltd.	599,937	12
4	Hongyun Supply Chain Co., Ltd. (鴻雲供應鏈有限責任公司)	562,696	11
5	Sinopec Sales Company Limited (中國石化銷售股份有限公司)	331,308	6
<b>Total</b>		<b>4,006,054</b>	<b>78</b>

During the Year, none of the Directors and Supervisors or their close associates, or Shareholders who, to the best knowledge of the Directors and Supervisors own more than 5% of the issued share capital of the Company, have any actual interests in the top five service vendors of the Group.

## REPORT OF THE DIRECTORS (CONTINUED)

During the Year and as of 28 March 2025, the Directors and Supervisors of the Company were:

### **Executive Directors:**

Mr. Luo Zuyi (*appointed on 9 April 2024*)  
Mr. Li Wenhui (*resigned on 8 March 2024*)  
Madam Ma Yonghan  
Mr. You Zhiming  
Madam Mao Yurong (*appointed on 20 November 2024*)  
Mr. Yao Jiancheng (*appointed on 9 January 2025*)

### **Non-executive Directors:**

Mr. Wu Xinhua (*resigned on 23 October 2024*)  
Mr. Yang Shaojun (*appointed on 20 November 2024*)  
Mr. Li Chengyong  
Mr. Chen Chaoxiong

### **Independent Non-executive Directors:**

Mr. Yu Haizong  
Mr. Yan Qixiang (*resigned on 1 February 2024*)  
Madam Bu Danlu  
Mr. Zhou Hua (*appointed on 1 February 2024*)  
Mr. Zhang Qinghua (*resigned on 3 September 2024*)  
Mr. Jiang Tao (*appointed on 3 September 2024*)

### **Supervisors:**

Mr. Luo Maoquan  
Mr. Ling Xiyun (*resigned on 23 July 2024*)  
Mr. Wang Yao  
Madam Gao Ying  
Madam Li Tao  
Madam Lu Xiaoyan

All the members of the Board and the Supervisory Committee were appointed for a term of three years from the date of 18 November 2022 until expiry of the eighth session of the Board and the Supervisory Committee.

The Company has received from each independent non-executive Director an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

## DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the Supervisors of the Company and the senior management of the Group are set out under Section VIII of "Profile of Directors, Supervisors and Senior Management" of the annual report, which constitutes part of the Report of the Directors.

## REPORT OF THE DIRECTORS (CONTINUED)

### DIRECTORS' SERVICE CONTRACTS

Each of the Directors of the Company has entered into a service contract with the Company from their respective date of appointment for a term of three years. None of the Directors of the Company has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

### DIRECTORS' AND SUPERVISORS' INTERESTS IN MAJOR CONTRACTS

None of the Directors and Supervisors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the Year.

### DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, interests and short positions held by Directors, Supervisors and chief executives of the Company in Shares, underlying shares or bonds of the Company or its associated corporation (as defined in Part XV of the SFO) that, by virtue of Parts 7 and 8 of the SFO, which shall be reported to the Company and the Stock Exchange (including interests and short positions, by virtue of the SFO or other regulations, deemed to be or treated as held by these Directors, Supervisors and chief executives); or any interests or short positions that shall be recorded in the register required to be kept under Section 352 of the SFO; or interests or short positions that, by virtue of Model Code as set out in Appendix C3 to the Listing Rules on the Stock Exchange, shall be notified to the Company and the Stock Exchange, are as follows:

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

### MANAGEMENT CONTRACTS

Save for service contracts, no other contracts, relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into during the Year.

### DIRECTORS' REMUNERATION

The remuneration of the Directors of the Company (including executive Directors and independent non-executive Directors) on a named basis are set out in Note 10 to the financial statements during the Year, which constitutes part of the Report of the Directors.



## REPORT OF THE DIRECTORS (CONTINUED)

### INDEMNITY PROVISION

Since March 2012, the Company has purchased liability insurance for Directors, Supervisors and senior management of the Company in relation to their performance of duties.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, the following interests and short position of the Shares and underlying shares of the Company held by substantial Shareholders or other persons (other than the Directors, Supervisors and chief executives of the Company) were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange are set out below:

Name	Class of Shares	Long position/ Short position	Number of the Company's Shares held	Approximate percentage in the total issued share capital of the Company	Approximate percentage in A/H Shares	Capacity
Shudao Investment	A Shares	Long position	1,035,915,462	33.87%	47.90%	Beneficial owner
	H Shares	Long position	183,064,200	5.99%	20.45%	Beneficial owner
Total:			1,218,979,662	39.86%	–	Beneficial owner
China Merchants Expressway Company	A Shares	Long position	664,487,376	21.73%	30.72%	Beneficial owner
	H Shares	Long position	96,458,000 <sup>(Note)</sup>	3.15%	10.77%	Interest in controlled corporation
Total:			760,945,376	24.88%	–	

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

Save as disclosed above, as at 31 December 2024, no person had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

### DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESSES

During the Year and up to the date of this report, none of the Directors or Supervisors of the Company were considered to have any interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined under the Listing Rules on the Stock Exchange.

## REPORT OF THE DIRECTORS (CONTINUED)

### CONTINUING CONNECTED TRANSACTIONS

During the Year, the Company and the Group had the following continuing connected transactions with parties regarded as connected persons under Chapter 14A of the Listing Rules on the Stock Exchange:

- (a) On 14 October 2022, the Company entered into the Road Network Operation Guarantee Services Agreement with Zhineng Company for a term of 3 years from 1 November 2022 to 31 October 2025, with a service charge of 0.4% of toll income or RMB35,000,000, whichever is lower. Zhineng Company will be responsible for managing the floating service fee and vehicle toll settlement time of the Group's expressways based on the safety and service quality assessment scores (assessed by the government). The service fee the Group paid to Zhineng Company during the Year totalled approximately RMB19,241,000 (2023: RMB18,850,000).
- (b) On 12 December 2023, the Company and PetroChina Company Limited Sichuan Sales Branch ("PetroChina Sichuan Sales Branch") entered into the Refined Oil Agreement, pursuant to which Zhonglu Energy agreed to purchase refined oil from PetroChina Sichuan Sales Branch for the year from 1 January 2024 to 31 December 2024, with the annual cap being RMB1,430,000,000. Purchase amount recognised during the Year approximated to RMB1,396,172,000 (2023: RMB1,024,430,000), which was below the cap amount of RMB1,430,000,000. On 3 December 2024, the Company and PetroChina Sichuan Sales Branch agreed to renew the transaction terms. Zhonglu Energy agreed to purchase refined oil from PetroChina Sichuan Sales Branch for the year from 1 January 2025 to 31 December 2025, with the annual cap being RMB1,490,000,000. PetroChina Company Limited Sichuan Sales Branch is a subsidiary of PetroChina Company Limited (中國石油天然氣股份有限公司), which holds 49% equity interest in Zhonglu Energy.

## REPORT OF THE DIRECTORS (CONTINUED)

- (c) On 8 December 2022, the Company entered into the Property Management Services Framework Agreement with Sichuan Shudao Urban & Rural Investment Group Co., Ltd. ("Shudao Urban & Rural"), pursuant to which Shudao Urban & Rural agreed to provide property management services to the Company from 1 January 2022 to 31 December 2024, with the annual caps for the three financial years ended 31 December 2022, 2023 and 2024 of RMB20,000,000, RMB40,000,000 and RMB60,000,000, respectively. The total service fee recognised for the year amounted to RMB23,909,000.

As the Previous Property Management Services Framework Agreement entered into between the Company and Shudao Urban & Rural will expire on 31 December 2024, on 31 December 2024, the Company entered into the Property Management Services Framework Agreement with Shudao Urban & Rural, pursuant to which Shudao Property Group provides property management services to the Group commencing from 1 January 2025 to 31 December 2027, with an annual cap of RMB60,000,000 for each of the three financial years ending 31 December 2025, 2026 and 2027. Shudao Urban & Rural is a wholly-owned subsidiary of Shudao Investment, the controlling shareholder of the Company.

- (d) On 12 December 2023, the Company and Shudao Investment entered into the continuing connected transaction – Construction Framework Agreement, pursuant to which, Shudao Group contracted certain construction services from the Group for the period from 1 January 2024 to 31 December 2024. Related party transaction amounts recognised in this year are as below: During the Year, Shudao Group was engaged by the Group to undertake various construction work of expressways and ancillary facilities, daily maintenance work of expressways and ancillary facilities, emergency or rescue works of expressways and ancillary and municipal construction works. Construction revenue recognised during the Year amounted to RMB1,311,538,000 (2023: RMB1,251,590,000), which was below the annual cap amount of RMB3,856,000,000.

As the construction framework agreement entered into between the Company and Shudao Investment on 12 December 2023 expired on 31 December 2024, the Company and Shudao Investment entered into a framework agreement for construction works and related services on 20 November 2024, pursuant to which, Shudao Group shall contract certain construction works and related services from the Group for the period from 1 January 2025 to 31 December 2025 and the annual cap was RMB2,503,000,000.

The independent non-executive Directors of the Company have reviewed the continuing connected transactions set out above and have confirmed pursuant to Rule 14A.55 of the Listing Rules on the Stock Exchange that these continuing connected transactions were entered into (i) in the ordinary and usual course of businesses of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available from independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

## REPORT OF THE DIRECTORS (CONTINUED)

In accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised), "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" as issued by the HKICPA, PricewaterhouseCoopers, the auditor of the Company, has sent a letter to the Board based on its review of the above-mentioned continuing connected transactions, expressing the following opinions in respect of the disclosed continuing connected transactions:

- a. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors.
- b. for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.
- c. nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.
- d. with respect to the aggregate amount of each of above continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

### CONNECTED TRANSACTIONS

Further details of the Group's connected transactions during the Year are included in Note 34 to the financial statements.

#### Details of performance commitment/guaranteed profits under Rule 14A.63 of the Listing Rules on the Stock Exchange.

In relation to the acquisition of 100% equity interest in Rongcheng Second Ring Company, pursuant to the Equity Transfer Agreement entered into among the Company (as the purchaser), Shudao Expressway and SRB Group (jointly as the vendors) and Shudao Investment (as the performance guarantor of the Rongcheng Second Ring Company together with Shudao Expressway) on 17 February 2023, from 1 January 2023 to 31 December 2029, Shudao Expressway and Shudao Investment are subject to a performance commitment in respect of the net profit of Rongcheng Second Ring Company, and if the actual realised net profits do not reach the valuation projection underlying the valuation, performance compensation shall be made to the Company in cash. From 1 January 2023 to 31 December 2025, guaranteed profit was not less than RMB231,177,770, and according to the valuation report in respect of the market value of the 100% equity interest in Rongcheng Second Ring Company as at 30 September 2022 issued by Beijing North Asia Asset Assessment Firm (Special General Partnership), an independent qualified valuer in the PRC, "X. SELECTION OF IMPORTANT PARAMETERS IN PROJECTION AND CALCULATION IN VALUATION PROCESS - 9. Future net cash flow", it is estimated that the future net cash flow of Rongcheng Second Ring Company amounts to RMB51,268,000 in 2024. Details are set out in the Company's circular dated 10 March 2023.

## REPORT OF THE DIRECTORS (CONTINUED)

According to the unaudited accounts of Rongcheng Second Ring Company (which were prepared and audited only under the Accounting Standards for Business Enterprises of China), it recorded a net profit of RMB16,498,000 in 2024. Pursuant to the Equity Transfer Agreement, Shudao Expressway and Shudao Investment shall made performance compensation to the Company in cash, if the actual net profits realised by Rongcheng Second Ring Company do not reach the relevant guaranteed profit. It is agreed that the compensation amount for the years from 2023 to 2025 shall be calculated and paid in a lump sum. Shudao Expressway and Shudao Investment were not required to fulfill their guarantee obligations and the Company was not required to exercise any option for the time being. The Board (including all the independent non-executive Directors) is of view that the aforesaid arrangements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### Connected transactions – connected person at subsidiary level

Reference is made to the announcement of the Company dated 20 October 2021 in relation to the entering into of the General Construction Contract between Chengqiongya Company and Road & Bridge International. As disclosed in the announcement, on 20 October 2021, Chengqiongya Company is an insignificant subsidiary of the Company pursuant to Rule 14A.09 of the Listing Rules of the Stock Exchange, and its substantial shareholder, Road & Bridge International, is therefore not regarded as a connected person of the Company, and the transaction under the General Construction Contract does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules of the Stock Exchange. The Directors, including the independent non-executive Directors, are of the view that the participation in the Tianqiong Expressway Project (including but not limited to the General Construction Contract) are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The one-off transaction under the General Construction Contract was approved by the Shareholders on 8 December 2021.

Based on the Company's annual results for the year ended 31 December 2024 announced on 28 March 2025, the relevant applicable percentage ratios of Chengqiongya Company as defined under Rule 14A.09(1) of the Listing Rules exceeded 5% in aggregate for the year ended 31 December 2024. Chengqiongya Company ceased to be an insignificant subsidiary of the Company under Rule 14A.09(1) of the Listing Rules, therefore, Road & Bridge International became a connected person at the subsidiary level of the Company under the Listing Rules and the Company will publish announcements of further transactions, if any, with it in due course in accordance with the requirements of the Listing Rules.

### SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

## REPORT OF THE DIRECTORS (CONTINUED)

### EVENTS AFTER THE REPORTING PERIOD

#### Changes in Directors

Reference is made to the poll results announcement of the Company's first extraordinary general meeting in 2025 dated 9 January 2025, upon approval at the Company's first extraordinary general meeting in 2025, Mr. Yao Jiancheng was elected as an executive Director of the eighth session of the Board of the Company. The election and appointment of Mr. Yao Jiancheng as an executive Director of the eighth session of the Board for a term commencing from 9 January 2025 until the date of expiry of the term of office of the eighth session of the Board.

### AUDITORS

Pursuant to the requirements under the Administrative Measures issued by the Ministry of Finance of the PRC, the State-owned Assets Supervision and Administration Commission of the State Council and China Securities Regulatory Commission, the term of appointment of the same accounting firm by a state-owned enterprise (including state-controlled listed companies) shall not exceed eight (8) years, which, however, may be extended to no more than ten (10) years if needed. As both ShineWing, the domestic auditor of the Company, and Ernst & Young, the international auditor of the Company, had exceeded the prescribed term, in order to continue the good corporate governance of the Company and to enhance the independence of the auditors, on 23 May 2024, upon the consideration and approval at the Company's 2023 AGM, Shinewing and Ernst & Young retired as the Company's domestic and international auditors, respectively, and BDO China Shu Lun Pan Certified Public Accountants LLP and PricewaterhouseCoopers were appointed as the Company's domestic and international auditors, respectively.

For the year ended 31 December 2024, BDO China Shu Lun Pan Certified Public Accountants LLP and PricewaterhouseCoopers acted as domestic and international auditors of the Company, respectively.

Auditors' remuneration is set out in Note 9 to the financial statements.

## REPORT OF THE DIRECTORS (CONTINUED)

### CLOSURES OF REGISTER OF MEMBERS OF H SHARES

For the purposes of determining the Shareholders' entitlement to attend the 2024 AGM and to receive the 2024 final dividend, the H Shares register of members of the Company will be closed during the following periods:

#### (a) In respect of attending and voting at the 2024 AGM

Deadline for lodging transfer documents	4:30 p.m. on 13 May 2025 (Tuesday)
Closure period of the H Shares register of members	From 14 May 2025 (Wednesday) to 22 May 2025 (Thursday) (both days inclusive)
Record date	22 May 2025 (Thursday)
Date of the 2024 AGM	22 May 2025 (Thursday)

#### (b) In respect of the entitlement to 2024 final dividend

Deadline for lodging transfer documents	4:30 p.m. on 5 June 2025 (Thursday)
Closure period of the H Shares register of members	From 6 June 2025 (Friday) to 12 June 2025 (Thursday) (both days inclusive)
Dividend Entitlement Date	12 June 2025 (Thursday)

In order to be entitled to attend and vote at the 2024 AGM, and to receive the 2024 final dividend of the Company, H shares Shareholders should ensure that all transfer documents, accompanied by the relevant share certificates are lodged with the Company's H Shares Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, before the time above designated for lodging transfer documents.

Shareholders are advised that the Company will make separate announcement on the SSE in respect of details of the arrangements regarding the distribution of 2024 final dividend to the holders of A Shares and eligibility of the holders of A Shares for attending the 2024 AGM.

ON BEHALF OF THE BOARD

**Luo Zuyi**

*Chairman*

Chengdu, Sichuan Province, the PRC  
28 March 2025

# PROFILE OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

## I. BASIC INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT FOR THE YEAR

Name	Gender	Age <sup>(1)</sup>	Length of services with the Company	Position during the Reporting Period and as at 28 March 2025	Total remuneration during the Reporting Period (RMB'000) (before tax)
Luo Zuyi <sup>(2)</sup>	Male	51	From April 2024 to present	Executive Director, Chairman	60.20
You Zhiming	Male	52	From November 2019 to present	Executive Director, Vice Chairman and General Manager	64.72
Yang Shaojun <sup>(3)</sup>	Male	49	From November 2024 to present	Non-executive Director, Vice Chairman	0
Ma Yonghan	Female	45	From June 2020 to present	Executive Director	64.22
Yao Jiancheng <sup>(4)</sup>	Male	45	From June 2022 to present	Executive Director, Secretary to the Board	64.72
Mao Yurong <sup>(5)</sup>	Female	42	From November 2024 to present	Executive Director	5.35
Li Chengyong	Male	44	From November 2019 to present	Non-executive Director	0
Chen Chaoxiong	Male	59	From August 2022 to present	Non-executive Director	0
Yu Haizong	Male	60	From May 2021 to present	Independent Non-executive Director	8
Bu Danlu	Female	46	From November 2019 to present	Independent Non-executive Director	8

Notes:

- (1) Calculated based on age as at 31 December 2024.
- (2) Having served as an executive Director and chairman of the Company with effect from 9 April 2024. In addition, Mr. Luo Zuyi obtained the legal advice referred to in Rule 3.09D of the Listing Rules of the Stock Exchange on the same date, confirming that he understands his responsibilities as a Director.
- (3) Having served as a non-executive Director of the Company with effect from 20 November 2024. In addition, Mr. Yang Shaojun obtained the legal advice referred to in Rule 3.09D of the Listing Rules of the Stock Exchange on the same date, confirming that he understands his responsibilities as a Director.
- (4) Having served as an executive Director of the Company with effect from 9 January 2025. In addition, Mr. Yao Jiancheng obtained the legal advice referred to in Rule 3.09D of the Listing Rules of the Stock Exchange on the same date, confirming that he understands his responsibilities as a Director.
- (5) Having served as an executive Director of the Company with effect from 20 November 2024. In addition, Madam Mao Yurong obtained the legal advice referred to in Rule 3.09D of the Listing Rules of the Stock Exchange on the same date, confirming that she understands her responsibilities as a Director.



## PROFILE OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

Name	Gender	Age <sup>(1)</sup>	Length of services with the Company	Position during the Reporting Period and as at 28 March 2025	Total remuneration during the Reporting Period (RMB'000) (before tax)
Zhou Hua <sup>(6)</sup>	Male	56	From February 2024 to present	Independent Non-executive Director	6.67
Jiang Tao <sup>(7)</sup>	Male	51	From September 2024 to present	Independent Non-executive Director	2.67
Luo Maoquan	Male	59	From December 2006 to present	Chairman of Supervisory Committee	71.95
Wang Yao	Male	52	From November 2019 to present	Supervisor	0
Gao Ying	Female	36	From June 2020 to present	Supervisor	0
Li Tao	Female	53	From November 1997 to present	Supervisor	64.72
Lu Xiaoyan	Female	52	From January 1998 to present	Supervisor	51.08
Guo Renrong	Male	52	From October 2017 to present	Financial Controller	64.22
Heibilayi	Male	39	From September 2019 to present	Deputy General Manager	64.22
Peng Chi	Male	55	From June 2020 to present	Deputy General Manager	64.22
Liu Dong	Male	52	From July 2020 to present	Chief Engineer	64.22

*Notes:*

- (6) Having served as an independent non-executive director of the Company with effect from 1 February 2024. In addition, Mr. Zhou Hua obtained the legal advice referred to in Rule 3.09D of the Listing Rules of the Stock Exchange on the same date, confirming that he understands his responsibilities as a director.
- (7) Having served as an independent non-executive director of the Company with effect from 3 September 2024. In addition, Mr. Jiang Tao obtained the legal advice referred to in Rule 3.09D of the Listing Rules of the Stock Exchange on the same date, confirming that he understands his responsibilities as a director.

## PROFILE OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

Name	Gender	Age <sup>(1)</sup>	Length of services with the Company	Position during the Reporting Period and as at 28 March 2025	Total remuneration during the Reporting Period (RMB'000) (before tax)
Li Wenhua <sup>(8)</sup>	Male	47	From November 2019 to March 2024	Executive Director, Vice Chairman and General Manager, Acting Chairman	20.07
Wu Xinhua <sup>(9)</sup>	Male	57	From November 2022 to October 2024	Non-executive Director, Vice Chairman	0
Yan Qixiang <sup>(10)</sup>	Male	53	From November 2019 to February 2024	Independent Non-executive Director	1.33
Zhang Qinghua <sup>(11)</sup>	Male	49	From August 2022 to September 2024	Independent Non-executive Director	5.33
Ling Xiyun <sup>(12)</sup>	Male	60	From November 2019 to July 2024	Supervisor	0
Chen Yangbo <sup>(13)</sup>	Male	46	From March 2022 to September 2024	Secretary of Discipline Inspection Commission	67.63

The remuneration of each Director, Supervisor and senior management was below HK\$1,000,000 during the Year.

**Notes:**

- (8) Resigned on 8 March 2024.
- (9) Resigned on 23 October 2024.
- (10) Resigned on 1 February 2024.
- (11) Resigned on 3 September 2024.
- (12) Resigned on 23 July 2024.
- (13) Resigned on 26 September 2024.

## PROFILE OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

### II. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

#### During the Reporting Period:

On 4 January 2024, Mr. Zhang Qinghua tendered his resignation from the positions as an independent non-executive Director of the Company, the committee chairman of the Remuneration and Appraisal Committee and a member of the Strategic Committee and a member of the Audit Committee due to personal work changes. In accordance with provisions of the Articles of Association, the resignation of an independent non-executive Director shall be effective upon the succeeding independent non-executive Director filling the vacancy. On 3 September 2024, subject to the consideration and approval at the third extraordinary general meeting of the Company in 2024, Mr. Jiang Tao was elected as an independent non-executive Director of the eighth session of the Board of the Company, and the resignation of Mr. Zhang Qinghua shall also be effective on the same date.

On 1 February 2024, subject to the consideration and approval at the first extraordinary general meeting of the Company in 2024, Mr. Zhou Hua was elected as an independent non-executive Director of the eighth session of the Board of the Company. From 1 February 2024, Mr. Yan Qixiang has tendered his resignation from his positions as an independent non-executive Director of the Company, a member of the Audit Committee under the Board and a member of the Nomination Committee under the Board due to personal work changes. On the same date, the Board considered and agreed the appointment of Mr. Zhou Hua as a member of the Audit Committee and a member of the Nomination Committee under the Board of the Company.

On 8 March 2024, Mr. Li Wenhui resigned from the positions as an executive Director, the vice chairman, the general manager, the acting chairman and the authorised representative of the Company pursuant to Rule 3.05 of the Listing Rules on the Stock Exchange due to the change of his work arrangements.

On 15 March 2024, the Board approved the appointment of Mr. You Zhiming, one of the existing executive Directors, as the vice chairman of the eighth session of the Board, the general manager and the acting chairman.

On 9 April 2024, subject to the consideration and approval at the second extraordinary general meeting of the Company in 2024, Mr. Luo Zuyi was elected as an executive Director of the eighth session of the Board of the Company. On the same date, the Company considered and agreed the election of Mr. Luo Zuyi as an authorised representative of the Company under Rule 3.05 of the Listing Rules on the Stock Exchange, the chairman of the eighth session of the Board, the committee chairman of the Strategic Committee and a member of the Nomination Committee.

On 23 July 2024, Mr. Ling Xiyun tendered his resignation from his position as a Supervisor of the eighth session of the Supervisory Committee of the Company due to retirement, and his resignation letter has been delivered to the Supervisory Committee of the Company and became effective.

On 26 September 2024, Mr. Chen Yangbo tendered his resignation as the secretary of Discipline Inspection Commission of the Company due to change in his work arrangements.

## PROFILE OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

On 23 October 2024, Mr. Wu Xinhua tendered his resignation from his positions as a non-executive Director and the vice chairman of the Company due to change in his work arrangements.

On 20 November 2024, subject to the consideration and approval at the fourth extraordinary general meeting of the Company in 2024, Mr. Yang Shaojun was elected as a non-executive Director of the eighth session of the Board of the Company and Madam Mao Yurong was elected as an executive Director of the eighth session of the Board of the Company. On the same date, the Board considered and agreed the election of Mr. Yang Shaojun as the vice chairman of the eighth session of the Board of the Company.

### After the Reporting Period and as at 28 March 2025:

On 9 January 2025, subject to the consideration and approval at the first extraordinary general meeting of the Company in 2025, Mr. Yao Jiancheng was elected as an executive Director of the eighth session of the Board of the Company.

## III. BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### (I) Biographies of incumbent Directors for the Year are as follows:

**Mr. Luo Zuyi**, aged 51, successively graduated from Sichuan Transportation School, Party School of the Central Committee of Communist Party of China and University of Electronic Science and Technology of China with a master's degree in business administration, and is a political engineer\* (政工師). He successively served as the deputy general manager of Sichuan Jiuzhai Huanglong Airport Co., Ltd., the secretary of the Party Committee and the general manager of Chengyu Branch of the Company, the director of Preparation Division of Chengle Expressway Expansion Project, a member of the Party the Committee of the Company, the secretary of the Party the Committee, the chairman and the legal representative of Chengle Expressway, the secretary of the Party the Committee, the chairman and the legal representative of Sichuan Trading Landmark Co., Ltd., and the deputy secretary of the Party Committee, the vice chairman and the general manager of Sichuan Shudao Urban & Rural Investment Group Co., Ltd.. He currently serves as an executive Director, the chairman and the legal representative of the eighth session of the Board.

## PROFILE OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

**Mr. You Zhiming**, aged 52, successively graduated from Neijiang Normal University\* (內江師範專科學校) and the Party School of Sichuan Provincial Committee of the Chinese Communist Party with a postgraduate degree, and is a political engineer\* (政工師). He successively served as a teacher and the secretary of the League Committee of Jiajia High School of Jianyang City, the deputy secretary and the secretary of Jianyang Municipal Committee of the Communist Youth League of China, the secretary of the Party Committee of Pingquan Town of Jianyang City, a cadre of Ziyang Municipal Urban Planning and Development Bureau, the chief of the Village and Town Construction Section and the Urban-rural Planning and Management Section, the director of the Municipal Surveying and Mapping Office, the deputy director of the Management Committee of Ziyang Municipal Economic Development Zone of Sichuan Province, the deputy chief executive, a standing member of the District Committee, the chief of the Organization Department and the principal of the Party School of the Yanjiang District Government of Ziyang City, the director and the secretary of the Leading Party Members' Group of Ziyang Municipal Supply and Marketing Cooperatives Association\* (資陽市供銷合作社聯合社), and the chief of the Organization Department (Human Resources Department, United Front Work Department) of Party Committee and the director of the Office of the Remuneration and Appraisal Committee of STIG, a non-executive Director, executive Director and the deputy general manager of the Company. He currently serves as an executive Director, the vice chairman and the general manager of the eighth session of the Board and concurrently serves as the chairman and legal representative of Chengdu Chengbei Exit Expressway Company Limited.

**Mr. Yang Shaojun**, aged 49, graduated from Zhongnan University of Economics and Law, is a senior accountant. He successively served as a member of the Party the Committee and the chief financial officer of Nanjing Jinling Shipyard Co., Ltd.\* (南京金陵船廠有限公司), the deputy director (in charge) of the Finance Department of China Yangtze Shipping Group Co., Ltd. and the general manager of CYSC Wuhan Foreign Economic and Technical Cooperation Co., Ltd.\* (長航集團武漢對外經濟技術合作有限公司), the director of the Finance Department of China Yangtze Shipping Group Co., Ltd. and the general manager of CYSC Wuhan Foreign Economic and Technical Cooperation Co., Ltd.\* (長航集團武漢對外經濟技術合作有限公司). He currently serves as the chief financial officer of China Merchants Expressway Network & Technology Holdings Co., Ltd. (招商局公路網絡科技控股股份有限公司) and a non-executive Director and the vice chairman of the eighth session of the Board, and concurrently serves as the vice chairman of Jiangsu Yangtze River Bridge Co., Ltd (江蘇揚子大橋股份有限公司), the vice chairman of Jiangsu Guangjing Xicheng Expressway Co., Ltd (江蘇廣靖錫澄高速公路有限責任公司), a director of Jiangsu Expressway Company Limited, the vice chairman of Shandong High-Speed Group Co., Ltd. (山東高速股份有限公司), a director of Henan Zhongyuan Expressway Co., Ltd. (河南中原高速公路股份有限公司) and the chairman of Henan Yuexiu Pinglin Expressway Co., Ltd. (河南越秀平臨高速公路有限公司).

**Madam Ma Yonghan**, aged 45, graduated from Sichuan University, majoring in political economy in the School of Economics and administrative management in the School of Public Administration of Sichuan University, with a master's degree. She is a senior economist. She has served as the deputy secretary of the Youth League Committee and the deputy director of the Party Committee office of Sichuan Expressway Construction and Development, the deputy director of the party committee and affairs department (黨群工作部) (the discipline inspection and supervision office) and the deputy director of the mass organization department (群團工作部) of STIG, the director of the party committee office of Sichuan Expressway Construction and Development and the director, the secretary of the Youth League Committee, the vice chairwoman of the labour union under the mass organization department of STIG and an executive Director of the seventh session of the Board of the Company. She currently serves as an executive Director of the eighth session of the Board.

## PROFILE OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

**Mr. Yao Jiancheng**, aged 45, holds a master's degree in Economics of Southwestern University of Finance and Economics. He is a senior economist. He successively served as the manager of Operation & Investment Department of Sichuan Trading Industrial Co., Ltd. (四川交投實業有限公司), the general manager of Sichuan Transportation Investment Shuijiang Investment Company (四川交投蜀江投資公司), the general secretary of the Party branch of Sichuan Jiaotou New Energy Co., Ltd. (四川交投新能源有限公司), the deputy head of Capital Operation Department and the deputy head of Investment Development Department of Sichuan Transportation Investment Group Corporation Limited (四川省交通投資集團有限責任公司), a director and the deputy general manager of Sichuan Transportation Investment Innovation Development Co., Ltd. (四川交投創新投資發展有限公司), the deputy head of Investment Development Department and the deputy head of Capital Operation Department of Shudao Investment Group Co., Ltd. (蜀道投資集團有限責任公司). He currently serves as an executive Director of the eighth session of the Board, the secretary to the Board, the chief legal counsel and the chief compliance officer.

**Madam Mao Yurong**, aged 42, graduated from Chongqing Jiaotong University. She is a senior engineer. She successively served as the deputy manager of the Operation and Management Department (Operation and Development Department) of Chongqing Chongqing-Guizhou Expressway Co., Ltd.\* (重慶渝黔高速公路有限公司), the deputy manager of the Operation and Development Department (non-auxiliary business) of Chongqing Shanghai-Chongqing Expressway Co. Ltd.\* (重慶滬渝高速公路有限公司), the deputy manager of the Operation and Development Department (non-auxiliary business) of Chongqing Chongqing-Guizhou Expressway Co., Ltd.\* (重慶渝黔高速公路有限公司), the deputy manager of the Operation and Development Department of Chongqing Shanghai-Chongqing Expressway Co. Ltd.\* (重慶滬渝高速公路有限公司) and the deputy manager of the Operation and Development Department of Chongqing Chongqing-Guizhou Expressway Co., Ltd.\* (重慶渝黔高速公路有限公司). She currently serves as the manager of the Operation and Development Department of Chongqing Shanghai-Chongqing Expressway Co. Ltd.\* (重慶滬渝高速公路有限公司), the manager of the Operation and Development Department of Chongqing Chongqing-Guizhou Expressway Co., Ltd.\* (重慶渝黔高速公路有限公司), the head of the budget review committee of the labour union of Chongqing Chongqing-Guizhou Expressway Co., Ltd.\* (重慶渝黔高速公路有限公司), the employee supervisor of Chongqing Chongqing-Guizhou Expressway Co., Ltd.\* (重慶渝黔高速公路有限公司), and an executive Director of the eighth session of the Board.

**Mr. Li Chengyong**, aged 44, graduated from the department of finance and economics of Chongqing Jiaotong College and the School of Economics and Management of Southwest Jiaotong University. He has a postgraduate degree and is a senior accountant. He has successively served as the head of the Finance Department of Chengdu Municipal Development Company\* (成都市市政開發總公司), the deputy chief of the Planning and Finance Section of Chengdu Urban Road and Bridge Management Office\* (成都市城市道路橋樑管理處), the business executive of the Asset Management and Audit Department and the deputy chief of Finance Management Department (Fund Management Centre) of STIG, the deputy director of Financial Management Department (Fund Management Centre) of Shudao Group, a director of Shudao (Sichuan) Innovation Investment Development Co., Ltd. (蜀道(四川)創新投資發展有限公司) (formerly known as "Sichuan Transportation Investment Innovation Development Co., Ltd.\* (四川交投創新投資發展有限公司)"), and a non-executive Director of the seventh session of the Board. He currently acts as the director of the Fund Management Centre of Shudao Group, the director of Sichuan Chuanrui Development & Investment Co., Ltd.\* (四川省川瑞發展投資有限公司), and a non-executive Director of the eighth session of the Board.

## PROFILE OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

**Mr. Chen Chaoxiong**, aged 59, obtained a bachelor's degree and a senior accountant. He served as the head of the finance section of Guangyuan Municipal Transportation Bureau, a director and the chief financial officer of Sichuan Jiaotou New Energy Co., Ltd.\* (四川交投新能源有限公司), the chief financial officer and chairman of the labor union of Sichuan Jiaotou Transport Media Co., Ltd.\* (四川交投運務傳媒有限公司), the chairman of the board of directors (legal representative) of Sichuan Jiaotou Commerce and Trade Co., Ltd.\* (四川交投商貿有限公司), the assistant to the general manager of Sichuan Trading Industry Company Limited\* (四川交投實業有限公司), the assistant to the general manager of Shudao Transport Services Group Co., Ltd.\* (蜀道交通服務集團有限責任公司) and concurrently the chairman of the board of directors of Sichuan Shujiao Commerce and Trade Co., Ltd.\* (四川蜀交商貿有限公司), and a non-executive Director of the seventh session of the Board. He is currently a Class II director of Shudao Investment Group Co., Ltd. (蜀道投資集團有限責任公司), an external director of Sichuan Shudao Intelligent Transportation Co., Ltd. (四川蜀道智慧交通有限公司), an external director of Sichuan Shudao Railway Operation and Management Group Co., Ltd. (四川蜀道鐵路運營管理集團有限責任公司) and a non-executive Director of the eighth session of the Board.

**Mr. Yu Haizong**, aged 60, graduated from Southwestern University of Finance and Economics with a bachelor's degree, a master's degree in economics (accounting) and a doctorate degree in management (accounting). He is a certified public accountant (non-practising) in the PRC, a senior member of the Accounting Society of China, vice-president of Chengdu Real Estate and Accounting Association (成都房地產會計學會) and accounting professor. He successively served as an independent director of Sichuan Jiuzhou Electronic Co., Ltd., an independent director of Chengdu Haoneng Technology Co., Ltd., and an independent Director of the Company. He is currently a professor in the School of Accounting of Southwestern University of Finance and Economics, as well as an independent director of China Vanadium Titano Magnetite Mining Company Limited, an independent director of HitGen Inc., an independent director of Bank of Chengdu Co., Ltd. and a non-executive Director of the eighth session of the Board.

**Madam Bu Danlu**, aged 46, graduated from Southwestern University of Finance and Economics with a doctorate degree, and is a professor, doctoral supervisor, certified public accountant and certified tax agent. She was selected into the fifth National Leading Accounting Talents Program of the Ministry of Finance (Academic), and a member of the first and the second Consulting Committee of Corporate Accounting Standard of the Ministry of Finance. She has successively served as a lecturer, an associated professor of Southwestern University of Finance and Economics and an independent director of North Chemical Industries Co., Ltd. (北方化學工業股份有限公司) (formerly known as "Sichuan Nitrocell Co., Ltd. (四川北方硝化棉股份有限公司)"). She currently acts as a professor of the School of Accounting of Southwestern University of Finance and Economics, an independent director of Chengdu Raise Environmental Protection Technology Co., Ltd.\* (成都銳思環保技術股份有限公司), an independent director of Hangzhou Huaxing Chuangye Communication Technology Co., Ltd. (杭州華星創業通信技術股份有限公司), an independent director Fulin Precision Machining Co., Ltd. and an independent non-executive Director of the eighth session of the Board.



## PROFILE OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

**Mr. Zhou Hua**, aged 56, successively graduated from Sichuan Polytechnic Institute with a bachelor's degree in engineering majoring in automobile application engineering and Xihua University\* (西華大學) with a master's degree in vehicle engineering, respectively. He is a practicing judicial authenticator. He served as the assistant dean of the School of Applied Technology of Xihua University, the deputy secretary of the Party Committee and the assistant dean of the School of Transportation and Automobile Engineering of Xihua University. He currently serves as the secretary of the Party Committee and a professor of the School of Automobile and Transportation of Xihua University, and an independent non-executive Director of the eighth session of the Board.

**Mr. Jiang Tao**, aged 51, successively graduated from Sichuan University with a master's degree in law and Southwestern University of Finance and Economics (Audencia Business School of France) with a doctorate in business administration, respectively. He currently serves as a director and the assistant to the chairman of the board of directors of Chengdu Wide Horizon Investment Group Co., LTD (成都萬華投資集團有限公司), director and the general manager of Hainan Wanhua Real Estate Development Co., Ltd. (海南萬華房地產開發有限公司), an executive director of Chengdu Luhui Commercial Development Co., Ltd.\* (成都麓湖商業發展有限公司), an executive director of Wanning Luhai Agricultural and Forestry Technology Co., Ltd.\* (萬寧麓海農林科技有限公司), the general manager of Ronghui Zhongchuang Chengdu Investment and Development Co., Ltd.\* (融匯中創成都投資發展有限公司), a director and the general manager of Wanchuang Holdings Investment Chengdu Co., Ltd.\* (萬創控股投資成都有限公司), an executive director and the general manager of Chengdu Fund Town Construction and Development Co., Ltd.\* (成都基金小鎮建設發展有限公司), a director and the general manager of Wanchuang Huafeng Finance Leasing (Tianjin) Co., Ltd.\* (萬創華豐融資租賃(天津)有限公司), the president of Tianfu New District New Social Stratum Association\* (天府新區新的社會階層人士聯誼會), the chairman of the board of directors and the general manager of Chengdu Mingteng Disheng Property Management Co., Ltd.\* (成都名騰迪盛物業管理有限公司), an executive director and the general manager of Wanchuang Huaze Chengdu Asset Management Co., Ltd.\* (萬創華澤成都資產管理有限公司), the chairman of Sichuan Tianfu New District Chuangfu Tianfu Financial Research Institute\* (四川天府新區創富天府金融研院), an executive director and the general manager of Chengdu Lucun Digital Technology Co., Ltd.\* (成都麓村數位科技有限公司), and an independent non-executive Director of the eighth session of the Board.



## PROFILE OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

### (II) Biographies of incumbent Supervisors for the Year are as follows:

**Mr. Luo Maoquan**, aged 59, graduated from the Faculty of Law of Sichuan University, majoring in law. He has successively served as the officer of the Policy Research Office of the SPDT, the deputy office chief, chief, head of the human resources division, member of the sub-group of party committee, deputy director, secretary of the sub-group of party committee, commander of the Sichuan Chengmian (Le) Expressway Construction Directorate, the director of Transportation Construction Company and Chengbei Company, the general manager of Chengya Branch, the director of Chengya Oil Company and an executive Director and the deputy general manager of the seventh session of the Board. He is currently the chairman of the eighth session of the Supervisory Committee.

**Mr. Wang Yao**, aged 52, successively graduated from Faculty of Chinese Language of Sichuan University and the Law School of the Southwest University of Finance and Economics and obtained a master's degree. He successively served as the chief of Secretarial Division of Administrative Office, the deputy director and the director of Administrative Office, the manager of Human Resources Department of Sichuan Expressway Construction and Development, the head of Supervisor Works Department and the head of Internal Control and Legal Supervisor Works Department of STIG and the supervisor of Transportation Construction Company. He is currently the head of the Internal Control and Legal Affairs of Shudao Group, and a Supervisor of the eighth session of the Supervisory Committee.

**Madam Gao Ying**, aged 36, obtained a bachelor's degree. She successively served as securities affairs manager of the office of secretary to the board of directors of North China Expressway Company Limited\* (華北高速公路股份有限公司), and a Supervisor of the seventh session of the Supervisory Committee. She is currently the representative of securities affairs of China Merchants Expressway Network and Technology Holdings Co. Ltd., and the supervisor of Heilongjiang Transport Development Co., Ltd., the supervisor of Fujian Expressway Development Co., Ltd. (福建發展高速公路股份有限公司) and Zhejiang Shangsang Expressway Co., Ltd. (浙江上三高速公路有限公司), the supervisor of Heilongjiang Transport Development Co., Ltd. and a Supervisor of the eighth session of the Supervisory Committee.

**Madam Li Tao**, aged 53, successively graduated from Sichuan Normal University with a Bachelor of Arts degree and from Sichuan University of Economy and Trade with an MBA degree. She worked at Sixth Engineering Office of Sichuan Chuanjiao Bridge Engineering Company Limited (四川省川交橋樑工程有限責任公司). She successively served as the deputy secretary and secretary of Youth League Committee, and the director of the Party Committee Office, the General Manager's Office and the General Office (Publicity Center) of the Company. She currently serves as a supervisor of Chengle Company, an employee's representative Supervisor of the eighth session of the Supervisory committee and the chairman of the labour union of the Company.

## PROFILE OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

**Madam Lu Xiaoyan**, aged 52, graduated from Chongqing Jiaotong College (now renamed as Chongqing Jiaotong University), majoring in highway and urban road engineering. She is a senior engineer and registered consulting engineer (investment). She worked in the Chengyu Expressway Management Office, the Longquan Mechanized Maintenance Office and the Investment Department of the Company. She has successively served as the deputy head of the Investment Department, the head of the Investment and Development Department, the head of the Investment and Development (Research Centre) of the Company and a director of Sichuan Zhonglu Energy Company Limited. She currently serves as an employee's representative Supervisor of the eighth session of the Supervisory Committee, and a supervisor of Shudao Chengyu Investment Company Limited (formerly known as "Chengdu Shuhai Investment Management Company Limited").

### (III) Biographies of other incumbent senior management for the Year are as follows:

**Mr. Yao Jiancheng**, please refer to the biographies of Directors.

**Madam Li Tao**, please refer to the biographies of Supervisors.

**Mr. Guo Renrong**, aged 52, holds a master's degree in engineering (direction of financial studies) of Beijing Institute of Technology and is a senior accountant. He successively served as the manager of the Financial Division of Sichuan Guangba Expressway Co., Ltd. (四川廣巴高速公路有限責任公司), the deputy director of Financial Management Department (fund management center) of STIG, the deputy secretary of the Party Committee, the deputy general manager (in charge of daily work) of Sichuan Transportation Investment Industrial & Financial Company Limited (四川交投產融控股有限公司) and the chairman, and the legal representative of Shenyinwanguo Transportation Investment Industrial & Financial Investment Management Company Limited (申銀萬國交投產融投資管理公司), the director of Chengyu Financial Leasing Company Limited and the director of CSI SCE. He is currently the chairman of the third session of the Supervisory Committee and the director of the third session of the Financial Controller Committee of the Sichuan Listed Company Association, an executive member of the eighth session of the council of the Accounting Society of Sichuan Province, a member of the Chief Accountants Research Council, a service expert in the capital market of the Sichuan Listed Company Association in Sichuan, a review expert of the Senior Accountant Review Committee of Sichuan Province, and the financial controller of the Company.

**Mr. Heibilayi**, aged 39, graduated from Southwest University of Finance and Economics majoring in law and obtained a bachelor's degree in law. He worked in Chengdu Branch of Pudong Development Bank and served as assistant to the president of Kehua Branch of Pudong Development Bank, the assistant to the president, acting president and the president of Tianfu Branch of Pudong Development Bank and a member of Standing Committee and the vice head of Yuechi County. He is currently the deputy general manager of the Company.

## PROFILE OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

**Mr. Peng Chi**, aged 55, holds a master's degree and is a senior engineer. He has served as the secretary of the cement road office of the Transportation Bureau of Longchang County of Sichuan Province, head of Road Section of Chengyu Expressway Longchang Management Section of Sichuan Expressway Administration Bureau, the deputy director of the fund management center of the Company, the chief of the Division three of the mechanical maintenance and the secretary of the Party Committee of the Company, the deputy general manager of Sichuan Shugong Expressway Engineering Company Limited, the director of Neijiang Management Department of the Company, the standing deputy commander of the expansion construction department of Chengle Expressway, the general manager of Chengya Branch of the Company. He is currently the deputy general manager of the Company.

**Mr. Liu Dong**, aged 52, graduated from Tongji University majoring in Highway and Urban Road and is a senior engineer. He has successively served as the deputy director, the chief engineer and the director of the engineering division of Reconstruction Headquarters of Langmu Temple to Chuanzhu Temple Highway of National Highway 213, the director, the deputy chief engineer and the deputy general manager of Engineering Division of Chengren Branch of the Company, the deputy general manager of Suiguang Suixi Expressway Company Limited and Chengle Expressway. He is currently the vice-president of the 10th council of the Sichuan Provincial Highway Society and the chief engineer of the Company.

## PROFILE OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

### (IV) Biographies of Directors, Supervisors or other senior officers who resign or retire for the Year are as follows:

**Mr. Li Wenhui**, aged 46, graduated from Southwestern University of Finance and Economics with a MBA degree. He is an accountant, a senior economist and a certified public accountant. He has worked at Xitianshan Mining Bureau of China National Non Ferrous Metal Corporation, successively serving as the chief financial officer of Sichuan Huidong Mining Co., Ltd. of Western Mining\* (西部礦業四川會東礦業有限公司), the financial controller of Inner Mongolia Co., of Western Mining\* (西部礦業內蒙古公司), the deputy chief of the Financial Management Department (Fund Management Center) of STIG, the financial controller of the Company, the chief of the Investment and Development Department and Capital Operation Department, the director of the Office of Investment Review Committee of STIG, the chairman and legal representative of Shudao (Sichuan) Innovation Investment Development Co., Ltd. (蜀道(四川)創新投資發展有限公司) (formerly known as "Sichuan Transportation Investment Innovation Development Co., Ltd.\* (四川交投創新投資發展有限公司)"), a director of Shanghai Hangzhou Passenger Dedicated Line Co., Ltd. \* (滬杭鐵路客運專線股份有限公司), the chairman and legal representative of Communications Investment Chuanyu (Chongqing) Construction Development Co., Ltd.\* (交投川渝(重慶)建設發展有限公司) and Zhongdianjian Sichuan Yurong Expressway Co., Ltd.\* (中電建四川渝蓉高速公路有限公司), a director of Shandong Hi-Speed Road and Bridge Co., Ltd. (山東高速路橋集團股份有限公司), and a director, the vice chairman and the general manager of the seventh session of the Board. He resigned as an executive Director, the vice chairman and the general manager of the eighth session of the Board on 8 March 2024.

**Mr. Wu Xinhua**, aged 56, graduated from Renmin University of China with a bachelor's degree in national economic management. He successively served as the chairman of Huaqi Investment Co., Ltd., the vice chairman of Shanxi Transportation Development Group Co., Ltd.\* (山西交通事業發展集團有限公司), the vice chairman of Fujian Expressway Development Co., Ltd., the director and general manager of China Merchants Traffic Information Technology Co., Ltd., the director of China Merchants New Intelligence Technology Company Limited, the director of Tibet China Merchants Construction Electronic Information Co., Ltd., the chairman and general manager of Guogao Cyberspace Information Technology Co., Ltd., the chairman of China National Radio Media Limited Liability Company, the deputy general manager of China Merchants Huajian Highway Investment Co., Ltd., the chief operating officer of China Merchants Asia-Pacific Co., Ltd., the general manager of the Investment Banking Department of China Merchants Securities Co., Ltd. of Shanghai, the general manager of the Investment Banking Department of Tiantong Securities Company Limited\* (天同證券有限責任公司), the general manager of the Southern Business Department of Shandong Securities Co. Ltd., the deputy general manager of Shenzhen Management Headquarters of CITIC Securities Company Limited, and the assistant manager of the Securities Department of Shekou Industrial Zone Southern Glass Holding Co., Ltd.. He is currently the deputy general manager and a member of the Party Committee of China Merchants Expressway Network & Technology Holdings Co., Limited, the chairman of China Merchants State Grid Green Energy Technology Company Limited, the chairman of the board of supervisors of Xingyun Shuju (Beijing) Technology Co., Ltd., a director of Hunan Quanlutong Network Technology Co., Ltd., a director of Jiangsu Expressway Company Limited, a director of Sanming Shao San Expressway Co., Ltd., a director of China Merchants Hainan Development Investment Co., Ltd., the vice chairman of the board of directors of Shandong Hi-Speed Company Limited, a director of China Merchants Traffic Information Technology Co., Ltd., the vice chairman of

## PROFILE OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

the board of directors of Jiangsu Yangtze Bridge Co., Ltd. (江蘇揚子大橋股份有限公司), a director of Xinshijie (Beijing) Technology Co., Ltd., and a director of China Merchants Equity Investment Fund Management (Tianjin) Co., Ltd., the chairman and secretary of the Party Committee of China Merchants New Intelligence Technology Company Limited. He resigned as a non-executive Director and the vice chairman of the eighth session of the Board on 23 October 2024.

**Mr. Yan Qixiang**, aged 53, successively graduated from Sichuan University and Southwest Jiaotong University, holds a doctorate degree and possesses postdoctoral experience, and is a professor and doctoral supervisor. He once served as the director of the Department of Geotechnical Engineering of Southwest Jiaotong University, an executive deputy director of the Key Laboratory of Transportation Tunnel Engineering of Ministry of Education, and currently is the head of the Faculty Department of Southwest Jiaotong University. He resigned as an independent non-executive Director of the eighth session of the Board on 1 February 2024.

**Mr. Zhang Qinghua**, aged 49, graduated from Southwest Jiaotong University with a doctorate degree in bridge and tunnel engineering and is a professor of bridge engineering. He was an assistant engineer and project chief engineer of China Railway No. 4 Engineering Group Co., Ltd.\* (中鐵四局集團有限公司), a lecturer, associate professor and professor of Southwest Jiaotong University. He is currently a professor of civil engineering, the deputy director of the bridge engineering department and the director of Infrastructure Planning and Campus Management Center of Southwest Jiaotong University, and an independent non-executive Director of the eighth session of the Board. He resigned as an independent non-executive Director of the eighth session of the Board on 3 September 2024.

**Mr. Ling Xiyun**, aged 60, graduated from the Department of Marine Transportation Management of Shanghai Maritime University with a bachelor's degree and is a senior accountant. He successively served as the deputy director (in charge) and director of Finance Department of Sichuan Chengnan Expressway Limited Liability Company\* (四川成南高速公路有限責任公司), the manager of Finance Department of Sichuan Chengnan Expressway Limited Liability Company\* (四川成南高速公路有限責任公司), the manager of Finance Department of Sichuan Chengnan Expressway Limited Liability Company\* (四川成南高速公路有限責任公司) (the Centre Zone of Sichuan), the chief accountant of Sichuan Zhineng Transportation System Management Company Limited\* (四川智能交通系統管理有限公司) and the deputy head of Financial Finance Assets Department, the deputy head (in charge) and the head of Asset Audit Department, the head of Audit and Legal Department and the office director of Internal Control & Audit Committee, the chief of Finance Management Department (Fund Management Centre), the office director of Finance and Financing Committee, the deputy chief accountant, the employee's representative supervisor, the director of the finance sharing centre of STIG Group, and the deputy chief accountant of Shudao Group. He resigned as a Supervisor of the eighth session of the Supervisory Committee on 23 July 2024.

**Mr. Chen Yangbo**, aged 46, successively graduated from the Southwest University of Political Science & Law, the Party School of Sichuan Provincial Committee of the Chinese Communist Party, and is a graduate student in law and a senior policy officer. He has served as the chairman and legal representative of Sichuan Zitong Expressway Co., Ltd., the secretary to the Party Committee, the chairman and the legal representative of Sichuan Zitong Expressway Co., Ltd., the chairman and the legal representative of Sichuan Lezitong Expressway Co., Ltd., and a member of the Party Committee and the secretary of Discipline Inspection Commission of the Company. He currently serves as the deputy secretary of the Party Committee, the vice chairman and the general manager of Sichuan Hongda (Group) Co., Ltd. (四川宏達(集團)有限公司). He resigned as the secretary of Discipline Inspection Commission of the Company on 26 September 2024.

## PROFILE OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

### IV. EMPLOYEES

As at 31 December 2024, details of the Group's employees were as follows:

Number of in-service employees of the Company (including its branches)	2,027
Number of in-service employees of major subsidiaries	2,521
Total number of in-service employees	4,548
Number of retired or resigned employees for which the Company (including its branches) and its major subsidiaries are liable to bear costs	None

#### Composition by Expertise

Type of Expertise	Number of people
Production	3,145
Sales	0
Technical	654
Financial	132
Administrative	617
Total	4,548

#### Educational Level

Type of Education Level	Number of people
Postgraduate	253
University graduate	1,830
Junior college graduate	1,715
Technical secondary school and below	750
Total	4,548

## PROFILE OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

### **1. *Employees' Remuneration***

The total remuneration of the Company's employees is correlated with the operating results of the Company. Employees' salaries are determined based on their positions and performance. For the year ended 31 December 2024, the employees' salary of the Group totalled approximately RMB660,891,000, of which approximately RMB310,094,000 was for the employees of the Company (including its branches).

### **2. *Employees' Insurance and Welfare***

The Company cherishes employees and protects their lawful interests, has improved various types of social insurance for employees in strict compliance with all applicable PRC labor security policies. Expenses for various types of social insurances for retirement, healthcare (including maternity insurance), unemployment, work related injury, supplementary critical illness mutual insurance, supplementary pension insurance, supplementary medical insurance, employer liability insurance have been paid in full by the Company for the employees. Meanwhile, the Company has made contributions to the housing accumulation fund and enterprise annuity fund for the employees in compliance with the requirements under applicable laws and policies.

### **3. *Staff Training***

The Company highly values staff training and provides trainings of various aspects and types to improve the comprehensive quality and business standard of its staff. During the Reporting Period, the Company had organised various centralized and specific trainings such as job-specific skills for technicians and continuing education for professional technical staff. A total of 38,019 attendances of the Company's employees (including its branches) was recorded for the above training courses.

# REPORT OF THE SUPERVISORY COMMITTEE

During the Reporting Period, all members of the Supervisory Committee have strictly complied with the requirements of the Company Law of the People's Republic of China, the Listing Rules on the SSE and the Stock Exchange, the Articles of Association and the Rules of Procedure of the Supervisory Committee. Based on the principle of good faith, they performed their duties prudently and actively with an aim to safeguard the interest of the Shareholders, the Company and the employees.

## I. WORK OF THE SUPERVISORY COMMITTEE

During the Year, the Supervisory Committee held 13 meetings in total. The notices, convening, holding and resolutions of the meetings were in compliance with the requirements of the relevant laws and regulations and the Articles of Association. Details of the meetings are as follows:

Meeting of the Supervisory Committee	Meeting Date	Topics
The tenth meeting of the eighth session of the Supervisory Committee	15 March 2024	1. Resolution in relation to the shareholder return plan for the three years (2023-2025) of the Company
The eleventh meeting of the eighth session of the Supervisory Committee	27 March 2024	1. Resolution in relation to work report of the Supervisory Committee of the Company for the year 2023
		2. Resolution in relation to the profit distribution and dividend payment plan for the year 2023
		3. Resolution in relation to the 2023 annual financial budget implementation report
		4. Resolution in relation to the 2023 domestic and overseas annual reports and their summaries
		5. Resolution in relation to the 2023 Internal Control Evaluation Report
		6. Resolution in relation to the 2023 Internal Control Audit Report
		7. Resolution in relation to the 2023 Environmental, Social and Governance Report
		8. Resolution in relation to the 2024 Annual Financial Budget



## REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

Meeting of the Supervisory Committee	Meeting Date	Topics
		9. Resolution in relation to the appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the domestic auditor of the Company for the year 2024  10. Resolution in relation to the appointment of PricewaterhouseCoopers as the overseas auditor of the Company for the year 2024  11. Resolution in relation to change of accounting policy  12. Resolution in relation to the remuneration scheme of Supervisors
The twelfth meeting of the eighth session of the Supervisory Committee	9 April 2024	1. Resolution in relation to the liability insurance for Directors, Supervisors and Senior Management of the Company
The thirteenth meeting of the eighth session of the Supervisory Committee	29 April 2024	1. Resolution in relation to the 2024 First Quarterly Report
The fourteenth meeting of the eighth session of the Supervisory Committee	18 July 2024	1. Resolution in relation to matters relating to the non-participation of CSI SCE Investment Holding Limited in the capital increase of Shudao Financial Leasing (Shenzhen) Company Limited  2. Resolution in relation to 2024 Audit Work Plan of the Company
The fifteenth meeting of the eighth session of the Supervisory Committee	7 August 2024	1. Resolution in relation to the grant of the general mandate to the board of directors to issue shares to be submitted to the general meeting

## REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

Meeting of the Supervisory Committee	Meeting Date	Topics
The sixteenth meeting of the eighth session of the Supervisory Committee	14 August 2024	<ol style="list-style-type: none"> <li>1. Resolution in relation to the satisfaction of the conditions for the acquisition of assets through issuance of shares and cash payment and the related party transactions by the Company</li> <li>2. Resolution in relation to the acquisition of assets through issuance of shares and cash payment and the related party transactions by Sichuan Expressway Company Limited</li> <li>3. Resolution in relation to the acquisition of assets through issuance of shares and cash payment constituting the related party transactions</li> <li>4. Resolution in relation to the acquisition of assets through issuance of shares and cash payment and the related party transactions not expecting to constitute a material asset reorganization and reorganization and listing</li> <li>5. Resolution in relation to the signing of Agreement on Acquisition of Assets through Issuance of Shares and Cash Payment with conditional effectiveness between the Company and the counterparty</li> <li>6. Resolution in relation to the Proposal of Acquisition of Assets through Issuance of Shares and Cash Payment and the Related Party Transactions by Sichuan Expressway Company Limited and its summary</li> <li>7. Resolution in relation to the compliance of the Reorganization with the requirements of Article 4 of the Regulatory Guidelines for Listed Companies No. 9 – Regulatory Requirements for Listed Companies Planning and Implementing Material Asset Reorganization (《上市公司監管指引第9號—上市公司籌劃和實施重大資產重組的監管要求》)</li> </ol>

## REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

Meeting of the Supervisory Committee	Meeting Date	Topics
		8. Resolution in relation to the compliance of the Reorganization with the requirements of Article 11 of the Administrative Measures for Material Asset Reorganization of Listed Companies (《上市公司重大資產重組管理辦法》)
		9. Resolution in relation to the compliance of the Reorganization with the requirements of Article 43 of the Administrative Measures for Material Asset Reorganization of Listed Companies (《上市公司重大資產重組管理辦法》)
		10. Resolution in relation to the condition of the relevant entities involved in the Reorganization being not prohibited from participating in any material assets reorganization of any listed companies in accordance with the requirements of Article 12 of the Regulatory Guidelines for Listed Companies No. 7 – Supervision over Abnormal Stock Related Party Transactions in connection with Material Asset Reorganization of Listed Companies (《上市公司監管指引第7號—上市公司重大資產重組相關股票異常關聯交易監管》)
		11. Resolution in relation to the explanation on completeness and compliance of statutory procedures performed in relation to the transaction and validity of legal conditions submitted
		12. Resolution in relation to the fluctuation of the Company's share price in the 20 trading days prior to the announcement of the transaction
		13. Resolution in relation to independent shareholders' approval of the whitewash waiver to be submitted to the general meeting

## REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

Meeting of the Supervisory Committee	Meeting Date	Topics
The seventeenth meeting of the eighth session of the Supervisory Committee	19 August 2024	1. Resolution in relation to the participation of Sichuan Shudao Chengyu Investment Company Limited* (四川蜀道成渝投资有限公司) in CM Fund Bozhou–Fuyang Expressway Closed-end Infrastructure Securities Investment Fund Project
The eighteenth meeting of the eighth session of the Supervisory Committee	29 August 2024	1. Resolution in relation to the unaudited financial report for the six months ended 30 June 2024 and 2024 interim report and its summary
		2. Resolution in relation to not distributing any interim dividend and not transferring capital reserve into share capital in 2024
The nineteenth meeting of the eighth session of the Supervisory Committee	30 October 2024	1. Resolution in relation to the 2024 Third Quarterly Report
The twentieth meeting of the eighth session of the Supervisory Committee	20 November 2024	1. Resolution in relation to the signing of the Framework Agreement on Related Party Transaction for Construction Works and Related Services between the Company and Shudao Investment
The twenty-first meeting of the eighth session of the Supervisory Committee	29 November 2024	1. Resolution in relation to the signing of the Framework Agreement on Related Party Transaction for Sale and Purchase of Refined Oil Product between the Group and PetroChina Sichuan
The twenty-second meeting of the eighth session of the Supervisory Committee	31 December 2024	1. Resolution in relation to the signing of the Framework Agreement on Related Party Transaction for Property Management Services between the Company and Shudao Property

During the Reporting Period, the members of the Supervisory Committee jointly implemented the function of supervision over the Company, actively cared for the Company's businesses and cautiously and diligently executed their respective responsibilities on the basis of guaranteeing the overall profits of the Company and safeguarding the interests of Shareholders, the Company and employees in an honest and kind manner.

## REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

In 2024, the attendance of the meetings of the Supervisory Committee and general meetings by the Supervisors is as follows:

Name of Supervisor	Attendance of meetings of the Supervisory Committee				Attendance of general meetings	
	Required attendance in the meetings of the Supervisory Committee during the Year	Attendance in person	Attendance via communications	Attendance by proxy	Number of attendance/required attendance in the meetings	Number of attendance/number of meeting
Luo Maoquan	13	13	0	0	13/13	6/6
Ling Xiyun (resigned)	5	5	0	0	5/5	3/3
Wang Yao	13	13	0	0	13/13	6/6
Gao Ying	13	13	4	0	13/13	6/6
Li Tao	13	13	0	0	13/13	6/6
Lu Xiaoyan	13	13	0	0	13/13	6/6

Number of meetings of the Supervisory Committee held during the Year	13
Of which: Number of physical meetings	0
Number of meetings held via communications	0
Number of meetings held by way of combination of both	13

During the Reporting Period, all Supervisors of the Company have attended the meetings of the Supervisory Committee with due care and diligence, and offered professional suggestions and independent judgments in respect of the reviewed issues being discussed at the meetings by virtue of their expertise and experience.

## REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

### II. INDEPENDENT OPINIONS FROM THE SUPERVISORY COMMITTEE ON COMPLIANCE OF THE COMPANY'S OPERATIONS WITH LEGAL REQUIREMENTS

During the Reporting Period, the Supervisors of the Company attended all general meetings and Board meetings as observers and cautiously supervised and checked the convening procedures of the meetings, resolutions and execution of the written resolutions of aforesaid meetings, and effectively supervised the whole process of the Directors and senior management members' operation and management and the implementation of the Company's decisions.

The Supervisory Committee is of the opinion that the Company conducted its operations and made decisions strictly in accordance with relevant rules and regulations, continuously improved its internal control system and further enhanced its corporate governance. The Directors and senior management of the Company are able to perform their own duties and execute the resolutions and authorizations of the general meetings in compliance with relevant laws and regulations and with the attitude of fidelity and due diligence and from the perspective of safeguarding the interests of the Company and Shareholders as a whole, with no breach of laws and regulations, or conducts of misusing authority or damaging the interests of the Company, its Shareholders and employees.

### III. INDEPENDENT OPINIONS FROM THE SUPERVISORY COMMITTEE ON THE COMPANY'S FINANCIAL POSITION

Having cautiously reviewed the Company's 2024 First Quarterly Results Report, 2024 Interim Results Report, 2024 Third Quarterly Results Reports, 2023 Annual Results Report and other accounting information, etc., the Supervisory Committee is of the opinion that the Company's financial income and expenditure accounts are clear and the accounting, auditing and financial management are all in line with relevant regulations without doubts. The Company's PRC and international auditors, BDO China Shu Lun Pan Certified Public Accountants LLP and PricewaterhouseCoopers, have respectively audited the 2024 Annual Financial Reports of the Company under the China Accounting Standards for Business Enterprises and Hong Kong Financial Reporting Standards, and have issued audit reports with standard unreserved opinions. The Supervisory Committee is of the view that the audit reports have reflected the actual situations of the Company's financial income and expenditure, operating results and cash flows.

## REPORT OF THE SUPERVISORY COMMITTEE (CONTINUED)

### IV. OPINIONS FROM THE SUPERVISORY COMMITTEE ON THE BOARD'S SELF-ASSESSMENT REPORT ON INTERNAL CONTROL

In order to implement the "Basic Rules for Internal Control of Enterprises" jointly issued by the Ministry of Finance, the CSRC, the National Audit Office, the China Banking Regulatory Commission and the China Insurance Regulatory Commission and the fundamental guidelines for corporate internal control, the Company fully and practically launched the construction of corporate internal control system since the second half of 2010. During the Reporting Period, all internal control tasks were carried out as scheduled and the internal control system of the Company was further improved. Through making self-assessment of the effectiveness of the design and implementation of the Company's internal control as at 31 December 2024, the Board had issued the 2024 Assessment Report on Internal Control.

The Supervisory Committee seriously considered and approved the 2024 Assessment Report on Internal Control issued by the Board, and considered that the report comprehensively and objectively reflected the establishment and operation of the Company's internal control system. The Company has established a relatively comprehensive internal control system and is continuously optimizing and enhancing it, and has kept the standard operation of the Company under good supervision and guidance.

### V. INDEPENDENT OPINIONS FROM THE SUPERVISORY COMMITTEE ON THE COMPANY'S CONNECTED TRANSACTIONS

Save for the connected transactions disclosed in Note 34 to the financial statements, the Company had no other connected transactions during the Reporting Period. In the opinion of the Supervisory Committee, the Company's connected transactions during the Reporting Period were conducted on a just, fair and open basis and at reasonable considerations, and no circumstances were discovered in which insider transactions were involved or the Board breached the principle of good faith in decision-making, execution of agreements or information disclosure, etc.

The Supervisory Committee will continue to abide by its prudent and diligent practice, conscientiously implement the duties of the Supervisory Committee and protect the legal interests of Shareholders.

# INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2024



羅兵咸永道

**To the Shareholders of Sichuan Expressway Company Limited**

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

## OPINION

### What we have audited

The consolidated financial statements of Sichuan Expressway Company Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 128 to 234, comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.



# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

For the year ended 31 December 2024

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

## KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

- Amortisation and impairment of service concession arrangements
- Impairment of trade and other receivables

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

For the year ended 31 December 2024

## KEY AUDIT MATTERS (CONTINUED)

### Key Audit Matter

### How our audit addressed the Key Audit Matter

#### Amortisation and impairment of service concession arrangements

As described in Note 4.1(i) (iii) and Note 15 to the consolidated financial statements, as of 31 December 2024, the balances of service concession arrangements were RMB51,821,189,000.

Amortisation of service concession arrangements is calculated under the unit-of-usage method, based on the share of traffic volume in a particular period over the total projected traffic volume throughout the service concession period. The management regularly reviews the projected traffic volume throughout the operating periods of the respective service concession arrangements.

The management performs impairment test of service concession arrangements when indication of impairment exists. Based on impairment tests performed, the management concluded that no impairment provision for service concession arrangements was made for the year ended 31 December 2024.

We identified this as a key audit matter due to the magnitude of the carrying amount of service concession arrangements and high degree of subjectivity and estimation uncertainty involved in the assessment of amortization and impairment of service concession arrangements.

Our procedures to address this key audit matter mainly included:

- We obtained an understanding of the management's internal control and assessment process relating to amortisation and impairment of service concession arrangements, including the process associated with the management's review of the projected traffic volume against actual traffic volume. We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the level of other inherent risk factors such as the complexity, subjectivity and changes in assumptions used in the amortisation and impairment tests.
- We evaluated and tested the internal controls over the management amortisation and impairment of service concession arrangements.
- We evaluated the appropriateness of amortisation of service concession arrangements by:
  - Evaluating whether the unit-of-usage method applied by management agreed to the requirements of accounting standards.
  - Understanding and evaluating the independence, qualifications and competence of the valuation experts engaged by management.
  - Evaluating the appropriateness of projected traffic volume in the valuation experts' report by comparing to historical traffic volume and considering the GDP growth rate, impacts of relevant government policies of Western China and development plan of road network.

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

For the year ended 31 December 2024

## KEY AUDIT MATTERS (CONTINUED)

### Key Audit Matter

### How our audit addressed the Key Audit Matter

- Testing the historical traffic volume by tracing to external statistics reports and testing the mathematical accuracy of the calculation.
- We evaluated the appropriateness of impairment of service concession arrangements by:
  - Testing the revenue growth rate by considering historical growth rates, relevant business plans and market trends.
  - With assistance of our valuation experts, evaluating the appropriateness of the method and key assumptions including:
    - a. Evaluating the appropriateness of management's valuation method by considering industry practice.
    - b. Evaluating the appropriateness of the discount rate used in the model by considering market trend and comparable companies in the industry.
    - c. Testing the mathematical accuracy of the calculation.
- We assessed the adequacy of the disclosure related to the amortisation and impairment of service concession arrangements.

Based on the procedures performed, we considered the significant estimates and judgements applied by management in relation to amortisation and impairment of service concession arrangements were supported by the evidence obtained.

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

For the year ended 31 December 2024

## KEY AUDIT MATTERS (CONTINUED)

### Key Audit Matter

### How our audit addressed the Key Audit Matter

#### Impairment of trade and other receivables

As described in Note 3.1(iii), Note 4.1(ii) and Note 23 to the consolidated financial statements, as of 31 December 2024, the carrying amount of trade and other receivables and the expected credit losses ("ECL") were RMB2,404,663,000 and RMB155,644,000, respectively.

The management applies ECL model to assess the impairment of trade and other receivables. For trade receivables that do not contain a significant financing component, the management applied the simplified approach. For trade receivables that contain a significant financing component and other receivables, the management applied the general approach.

Simplified approach is applied by analysing the credit profile, ageing, external credit ratings, and industry classification of different counterparties, incorporated with forward-looking adjustment factors.

General approach is applied by using a modelling approach that incorporated key parameters and assumptions, including whether the credit risk had increased significantly since the initial recognition or become credit-impaired, probability of default, loss given default, and forward-looking adjustment factors.

We identified this as a key audit matter due to the magnitude of the balances of trade and other receivables and the degree of the significant accounting estimates and judgements involved in the management's estimation of impairment of trade and other receivables.

Our procedures to address this key audit matter mainly included:

- We obtained an understanding of the management's internal control and assessment process relating to management's estimation on impairment of trade and other receivables. We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the level of other inherent risk factors such as the complexity, subjectivity and changes in assumptions used in the impairment of trade and other receivables.
- We evaluated and tested the internal controls over the management impairment of trade and other receivables.
- We tested the existence of trade and other receivables by tracing to the supporting evidence, including related contracts and correspondence with counterparties.
- With the assistance of our valuation experts, we performed the following procedures, including:
  - Evaluating the appropriateness of the method by considering the nature of receivables.
  - Evaluating the appropriateness of probability of default, loss given default by considering different credit risk characteristics, credit history, financial capability and credit enhancement measures in different repayment scenarios.

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

For the year ended 31 December 2024

## KEY AUDIT MATTERS (CONTINUED)

### Key Audit Matter

### How our audit addressed the Key Audit Matter

- Testing the credit profile, ageing, external credit ratings, and industry classification of major counterparties.
- Assessing the appropriateness of management's staging determinations and judgements used in identification of significant increases in credit risk and credit -impaired assets based on the counterparties' financial and non-financial information and other external evidence provided by management.
- Evaluating management's assessment of the forward-looking information used to determine the expected credit losses by considering economic factors applied by management.
- We tested the mathematical accuracy of the calculation in the impairment of trade and other receivables.
- We assessed the adequacy of the disclosure related to the impairment of trade and other receivables.

Based on the procedures performed, we considered the significant estimates and judgements applied by the management in relation to impairment of trade and other receivables were supported by the evidence obtained.

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

*For the year ended 31 December 2024*

## OTHER INFORMATION

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

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

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

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

## RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

For the year ended 31 December 2024

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

*For the year ended 31 December 2024*

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is KWAN SIU MAN.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 28 March 2025



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Revenue</b>	6	<b>10,247,400</b>	11,580,867
Cost of sales	9	<b>(7,136,407)</b>	(8,731,743)
<b>Gross profit</b>		<b>3,110,993</b>	2,849,124
Other income and gains	7	<b>238,931</b>	252,866
Administrative expenses and selling expenses	9	<b>(604,216)</b>	(608,255)
Net impairment losses on financial assets	9	<b>(17,560)</b>	–
Other expenses	9	<b>(42,241)</b>	(32,741)
<b>Operating profit</b>		<b>2,685,907</b>	2,460,994
Finance costs	8	<b>(851,932)</b>	(937,869)
Share of net profits of investments accounted for using the equity method:			
Joint ventures	17	<b>882</b>	7,523
Associates	18	<b>35,577</b>	38,660
<b>Profit before income tax</b>		<b>1,870,434</b>	1,569,308
Income tax expense	11	<b>(330,909)</b>	(302,540)
<b>Profit for the year</b>		<b>1,539,525</b>	1,266,768
Profit is attributable to:			
– Owners of the Company		<b>1,449,447</b>	1,190,814
– Non-controlling interests		<b>90,078</b>	75,954
		<b>1,539,525</b>	1,266,768
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company</b>			
Basic and diluted	13	<b>RMB0.474</b>	RMB0.389

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

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Changes in the fair value of designated equity investments at fair value through other comprehensive income		19,852	(5,464)
Income tax effect		(3,758)	1,095
<b>Total other comprehensive income for the year</b>		<b>16,094</b>	<b>(4,369)</b>
<b>Total comprehensive income for the year</b>		<b>1,555,619</b>	<b>1,262,399</b>
Total comprehensive income for the year is attributable to:			
Owners of the Company		1,465,201	1,186,499
Non-controlling interests		90,418	75,900
		<b>1,555,619</b>	<b>1,262,399</b>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	1,119,891	991,823
Service concession arrangements	15	51,821,189	49,645,595
Right-of-use assets	16	237,876	278,395
Investments in joint ventures	17	27,811	27,287
Investments in associates	18	484,567	474,101
Equity investments designated at fair value through other comprehensive income	19	296,105	87,769
Financial assets at fair value through profit or loss	24	44,862	34,017
Trade and other receivables	23	1,269,159	1,539,212
Payments in advance	20	1,496,806	1,331,346
Deferred tax assets	21	109,675	112,259
Restricted deposits	25	133	128
<b>Total non-current assets</b>		<b>56,908,074</b>	54,521,932
<b>Current assets</b>			
Inventories	22	29,867	119,821
Trade and other receivables	23	1,135,504	1,015,838
Financial assets at fair value through profit or loss	24	491	366
Cash and bank balances	25	2,957,256	1,982,830
Restricted deposits	25	839	–
<b>Total current assets</b>		<b>4,123,957</b>	3,118,855
<b>Total assets</b>		<b>61,032,031</b>	57,640,787

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest-bearing bank and other borrowings	28	35,835,207	34,393,017
Deferred tax liabilities	21	6,545	2,245
Deferred income	27	270,898	254,492
<b>Total non-current liabilities</b>		<b>36,112,650</b>	34,649,754
<b>Current liabilities</b>			
Tax payable		112,490	91,211
Trade and other payables	27	2,709,200	2,819,312
Contract liabilities	26	11,232	19,569
Interest-bearing bank and other borrowings	28	2,590,518	3,387,660
Dividend payable		315	–
<b>Total current liabilities</b>		<b>5,423,755</b>	6,317,752
<b>Total liabilities</b>		<b>41,536,405</b>	40,967,506
<b>EQUITY</b>			
Issued capital	29	3,058,060	3,058,060
Reserves	30	15,346,110	12,615,258
Non-controlling interests		1,091,456	999,963
<b>Total equity</b>		<b>19,495,626</b>	16,673,281
<b>Total equity and liabilities</b>		<b>61,032,031</b>	57,640,787

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 128 to 234 were approved by the Board of Directors on 28 March 2025 and were signed on its behalf.

**Luo Zuyi**  
Director

**You Zhiming**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company												
	Fair value reserve of equity investments at fair value through other comprehensive income												
	Issued capital <i>RMB'000</i> <i>Note 29</i>	Share premium account <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i> <i>Note 30</i>	Other equity instruments <i>RMB'000</i> <i>Note 30</i>	in non-controlling interests <i>RMB'000</i>	comprehensive income <i>RMB'000</i>	Merger difference <i>RMB'000</i> <i>Note 30</i>	Safety fund reserve <i>RMB'000</i> <i>Note 30</i>	Capital reserve <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>	Non-controlling interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
Balance at 1 January 2024	3,058,060	2,654,601	7,022,075	-	(254,570)	(14,230)	(1,755,893)	22,366	1,127,725	3,813,184	15,673,318	999,963	16,673,281
Comprehensive income													
Profit for the year ended 31 December	-	-	-	-	-	-	-	-	-	1,449,447	1,449,447	90,078	1,539,525
Other comprehensive income	-	-	-	-	-	15,754	-	-	-	-	15,754	340	16,094
Total comprehensive income	-	-	-	-	-	15,754	-	-	-	1,449,447	1,465,201	90,418	1,555,619
Transfer to/(from) reserves	-	-	157,111	-	-	-	-	-	-	(157,111)	-	-	-
Establishment for safety fund reserve	-	-	-	-	-	-	-	4,396	-	(4,396)	-	-	-
Utilisation of safety fund reserve	-	-	-	-	-	-	-	(5,485)	-	5,485	-	-	-
Issue of perpetual bonds <i>(Note 30)</i>	-	-	-	1,999,900	-	-	-	-	-	-	1,999,900	-	1,999,900
Capital injection by non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	54,870	54,870
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(53,795)	(53,795)
Equity entitled to holders of other equity instruments	-	-	-	315	-	-	-	-	-	(315)	-	-	-
Dividends declared to shareholders	-	-	-	-	-	-	-	-	-	(734,249)	(734,249)	-	(734,249)
Balance at 31 December 2024	3,058,060	2,654,601	7,179,186	2,000,215	(254,570)	1,524	(1,755,893)	21,277	1,127,725	4,372,045	18,404,170	1,091,456	19,495,626

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2024

	Attributable to owners of the Company												Non-controlling interests	Total equity
	Issued capital <i>RMB'000</i>	Share premium account <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i>	Difference arising from changes in non-controlling interests <i>RMB'000</i>	Fair value reserve of equity investments at fair value through other comprehensive income <i>RMB'000</i>	General risk reserve <i>RMB'000</i>	Merger difference <i>RMB'000</i>	Safety fund reserve <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>			
<b>At 31 December 2022</b>	3,058,060	2,654,601	6,851,280	(254,570)	(9,915)	7,421	(533,123)	16,869	1,127,725	4,887,319	17,805,667	914,952	18,720,619	
Effect of adoption of amendments to HKAS 12	-	-	-	-	-	-	-	-	-	2,216	2,216	210	2,426	
Effect of business combination under common control	-	-	-	-	-	-	4,680,230	-	-	(1,792,488)	2,887,742	-	2,887,742	
<b>Balance at 1 January 2023</b>	3,058,060	2,654,601	6,851,280	(254,570)	(9,915)	7,421	4,147,107	16,869	1,127,725	3,097,047	20,695,625	915,162	21,610,787	
<b>Comprehensive income</b>														
Profit for the year ended 31 December	-	-	-	-	-	-	-	-	-	1,190,814	1,190,814	75,954	1,266,768	
Other comprehensive income	-	-	-	-	(4,315)	-	-	-	-	-	(4,315)	(54)	(4,369)	
<b>Total comprehensive income</b>	-	-	-	-	(4,315)	-	-	-	-	1,190,814	1,186,499	75,900	1,262,399	
Transfer to/(from) reserves	-	-	170,795	-	-	-	-	-	-	(170,795)	-	-	-	
Establishment for safety fund reserve	-	-	-	-	-	-	-	9,575	-	(9,575)	-	-	-	
Establishment for general risk reserve	-	-	-	-	-	(7,421)	-	-	-	7,421	-	-	-	
Utilisation of safety fund reserve	-	-	-	-	-	-	-	(4,078)	-	4,078	-	-	-	
Effect of business combination under common control	-	-	-	-	-	-	(5,903,000)	-	-	-	(5,903,000)	-	(5,903,000)	
Capital injection by non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	79,200	79,200	
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(70,299)	(70,299)	
Dividends declared to shareholders	-	-	-	-	-	-	-	-	-	(305,806)	(305,806)	-	(305,806)	
<b>Balance at 31 December 2023</b>	3,058,060	2,654,601	7,022,075	(254,570)	(14,230)	-	(1,755,893)	22,366	1,127,725	3,813,184	15,673,318	999,963	16,673,281	

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Cash flows from operating activities</b>			
Profit before tax		1,870,434	1,569,308
Adjustments for:			
Finance costs	8	851,932	937,869
Share of net profits of joint ventures and associates	5	(36,459)	(46,183)
Fair value gain on financial assets at fair value through profit or loss	7	(10,970)	(5,241)
Depreciation of property, plant and equipment	9	133,475	127,471
Depreciation of right-of-use assets	9	58,967	61,081
Amortisation of service concession arrangements	9	1,080,443	1,127,157
Foreign exchange losses, net	9	2,616	1,790
Provision/(reversal) of impairment losses on trade and other receivables	7,9	17,560	(33,923)
Impairment loss on goodwill	9	–	7,583
Loss on disposal of items of property, plant and equipment, net	9	20,221	7,561
Gain on liquidation of an associate	7	–	(7,001)
Gain on disposal of right-of-use assets	7	–	(144)
Interest income	7	(38,827)	(93,213)
Loss on deemed disposal of investments in an associate	9	8,380	1,662
Dividend income from equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss	7	(6,517)	(7,639)
		<b>3,951,255</b>	<b>3,648,138</b>
Additions to service concession arrangements		(2,703,361)	(3,993,702)
Increase in restricted deposits		(844)	(16)
Increase in non-current payments in advances		(196,975)	(860,362)
Decrease in deferred income		(16,843)	(23,464)
Decrease/(increase) in trade and other receivables		111,528	(205,388)
Decrease/(increase) in inventories		89,954	(89,745)
(Decrease)/increase in contract liabilities		(8,337)	10,433
Increase in trade and other payables		60,231	603,228
Decrease in amounts due to the controlling shareholder		–	(152)
		<b>1,286,608</b>	<b>(911,030)</b>
Cash generated/(used) from operations		<b>1,286,608</b>	<b>(911,030)</b>
Income tax paid		(298,657)	(364,797)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>987,951</b>	<b>(1,275,827)</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Cash flows from investing activities</b>			
Purchases of items of property, plant and equipment		(315,957)	(204,946)
Purchases of equity Investments in designated at fair value through other comprehensive income		(199,622)	–
Proceeds from disposal of items of property, plant and equipment		674	557
Interest received		47,613	91,464
Dividend received from associates	18	33,223	14,759
Dividend received from a joint venture	17	358	9,032
Receipt of disposal of investment in a joint venture	17	–	100,000
Dividend received from equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss		5,830	7,639
Repayment of loans by the controlling shareholder		–	2,200,000
Repayment of loans by a related party		–	250,000
Collection of funds under centralised management		–	82,819
Decrease/(increase) in time deposits		255,025	(71,226)
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(172,856)</b>	<b>2,480,098</b>
<b>Cash flows from financing activities</b>			
Interest paid		(1,392,644)	(1,361,958)
Proceeds from bank loans		6,439,860	8,519,402
Repayment of bank loans		(3,795,648)	(2,217,949)
Proceeds from perpetual bonds		1,999,900	–
Repayment of other borrowings		(2,879,533)	(481,894)
Proceeds from corporate bonds		2,000,000	–
Repayment of medium-term notes		(1,190,000)	–
Proceeds from super short-term commercial papers		–	1,200,000
Repayment of super short-term commercial papers		–	(1,200,000)
Principal portion of lease payments		(32,104)	(32,824)
Business combination under common control		–	(5,903,000)
Repayment of guarantee fee		–	(103,725)
Capital injection by a non-controlling shareholder		54,870	79,200
Dividends paid to owners of the Company		(736,550)	(307,589)
Dividends paid to non-controlling shareholders		(53,795)	(70,299)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>414,356</b>	<b>(1,880,636)</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,229,451</b>	(676,365)
Cash and cash equivalents at the beginning of the year		<b>1,727,805</b>	2,404,177
Effect of foreign exchange rate changes, net		—	(7)
<b>Cash and cash equivalents at end of the year</b>		<b>2,957,256</b>	1,727,805
Non-pledged time deposits with original maturity of more than three months when acquired		—	255,025
<b>Cash and bank balances at end of the year</b>		<b>2,957,256</b>	1,982,830

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 1 GENERAL INFORMATION

Sichuan Expressway Company Limited (the “Company”) is a limited liability company established in the People’s Republic of China (the “PRC”). The registered office of the Company is located at 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC. The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 7 October 1997 and on the Shanghai Stock Exchange on 27 July 2009, respectively.

The Company and its subsidiaries (the “Group”) was involved in the following principal activities:

- investment holding;
- construction, management and operation of expressways and a high-grade toll bridge;
- construction and operation of gas stations along expressways; and
- provision of charging services for electric vehicles.

In the opinion of the directors, Shudao Investment Group Company Limited (“Shudao Investment”) is the controlling shareholder of the Company, which is established in the PRC.

### Information about subsidiaries

The Group’s principal subsidiaries as at 31 December 2024 are set out below. Unless otherwise stated, the proportion of ownership interests held equals the voting rights held by the Group. The principal subsidiaries below are all limited liability companies incorporated in PRC.

Name	Principal activities and place of operation	Particulars of issued share capital RMB’000	Ownership interest held by the Group	
			Direct %	Indirect %
Sichuan Chengle Expressway Company Limited (“Chengle Company”)	Construction and operation of Chengle Expressway	560,790	100	–
Chengdu Chengbei Exit Expressway Company Limited (“Chengbei Company”)	Construction and operation of Chengbei Exit Expressway and Qinglongchang Bridge	220,000	60	–
Sichuan Shudao Chengyu Investment Co., Ltd (“Shudao Chengyu Investment”)	Investment holding	152,773	100	–
Sichuan Shuxia Industrial Company Limited (“Shuxia”)	Service area operation	200,000	100	–
Sichuan Shunan Investment Management Company Limited	Construction project management and construction of roads	200,000	100	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 1 GENERAL INFORMATION (CONTINUED)

### Information about subsidiaries (Continued)

Name	Principal activities and place of operation	Particulars of issued share capital RMB'000	Ownership interest held by the Group	
			Direct %	Indirect %
Sichuan Suiguang-Suixi Expressway Company Limited	Construction and operation of Suiguang Expressway and Suixi Expressway	3,573,380	100	–
Sichuan Chengqiongya Expressway Company Limited	Construction and operation of Tianqiong Expressway	1,454,870	82	–
Sichuan Chengya Expressway Oil Supply Company Limited	Management of gas stations along expressways	27,200	51	–
Chengyu Logistics Company Limited	Logistics service	50,000	–	100
Sichuan Zhonglu Energy Company Limited	Management of gas stations along expressways	52,000	51	–
Sichuan Chengyu New Energy Construction Co., LTD (Former name: Chengdu Shuhong Property Company Limited)	Construction project management	100,000	100	–
Renshou Shunan Investment Management Company Limited	Construction project management	100,000	–	100
Ziyang Shunan Chengxing Project Construction & Management Company Limited	Construction project management	157,600	–	94.99
Lushan County Shuhan Engineering Construction Management Company Limited ("Lushan Shuhan")	Construction project management	20,000	–	94.99
Lushan County Shunan Engineering Construction Project Management Company Limited ("Lushan Shunan")	Construction project management	74,000	–	89.99

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 1 GENERAL INFORMATION (CONTINUED)

### Information about subsidiaries (Continued)

Name	Principal activities and place of operation	Particulars of issued share capital RMB'000	Ownership interest held by the Group	
			Direct %	Indirect %
Sichuan Chengyu Xingshu Supply Chain Management Co., Ltd	Logistics trade business	200,000	–	51
Sichuan Multimodal United Transportation Investment and Development Co., Ltd. ("Multimodal United Transportation Company")	Logistics trade business	1,000,000	51	–
Sichuan Shudao New Energy Technology Development Co., Ltd ("Shudao New Energy Technology")	New energy service	480,000	100	–
Sichuan Rongcheng Second Ring Expressway Development Co., Ltd ("Rongcheng Second Ring Company")	Construction and operation of Second Ring Western Expressway	684,210	100	–

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

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

These financial statements are presented in Chinese Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated and were approved for issue by the Board of Directors of the Company on 28 March 2025.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

### 2.1 Basis of preparation

#### **(i) Compliance with HKFRS Accounting Standards and HKCO**

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants and requirements of the Hong Kong Companies Ordinance Cap. 622. HKFRS Accounting Standards comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards,
- Hong Kong Accounting Standards, and
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

#### **(ii) Going concern basis**

As at 31 December 2024, the Group's current liabilities exceeded its current assets by approximately RMB1,299,798,000. In preparing the financial statements, the Board of directors has carried out a review over the Group's going concern ability based on its financial condition and operating results.

Taking into consideration the unutilised banking facilities, the Group's credit standing and history of cooperation with banks and other financial institutions, and the Group's expected cash flows for not less than 12 months starting from the period end of the financial statements, the directors believe that the Group will have sufficient source of financing to enable it to operate, as well as to meet its liabilities as and when they become due for the next 12 months from 31 December 2024. Accordingly, the directors of the Company consider it is appropriate to prepare consolidated financial statements on a going concern basis.

#### **(iii) Historical cost convention**

The financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit and loss and certain equity investments at fair value through other comprehensive income.

## 2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

### 2.2 Changes in accounting policies

#### (i) *New and amended standards adopted by the Group*

The Group has applied the following standards, amendments and interpretation for the first time for its annual reporting period commencing 1 January 2024.

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to HKAS 1;
- Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – Hong Kong Interpretation 5 (Revised);
- Lease Liability in Sale and Leaseback – Amendments to HKFRS 16; and
- Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7.

The amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### (ii) *New and amended standards and interpretations not yet adopted*

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and amendments is set out below.

Standards, Amendments or Interpretations	Subject	Effective for annual periods beginning on or after
Amendments to HKAS 21	<i>Lack of Exchangeability</i>	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
Annual Improvements	<i>Annual Improvements to HKFRS Accounting Standards–Volume 11</i>	1 January 2026
HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate</i>	To be determined
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

### 2.2 Changes in accounting policies (Continued)

#### **(ii) *New and amended standards and interpretations not yet adopted (Continued)***

Management is currently assessing the detailed implications of applying HKFRS 18 on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of HKFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss and other comprehensive income into the new categories will impact how operating profit is calculated and presented.
- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.
- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there might be significant new disclosures required for:
  - (a) management-defined performance measures;
  - (b) a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss and other comprehensive income – this break-down is only required for certain nature expenses; and
  - (c) for the first annual period of application of HKFRS 18, a reconciliation for each line item in the statement of profit or loss and other comprehensive income between the restated amounts presented by applying HKFRS 18 and the amounts previously presented applying HKAS 1.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

Except for the standard mentioned above, other standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 3 FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, trade and other receivables, trade and other payables, cash and bank balances, and restricted deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. It is the Group's policy that no trading in financial instruments shall be undertaken.

Risk management is carried out by the finance department which is led by the Group's executive directors. The main risks arising from the Group's financial instruments are market risk, liquidity risk and credit risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

#### **(i) Market risk**

##### **(a) Interest rate risk**

The Group's main interest rate risk arises from long-term borrowings with variable rates linked to LPR which expose the Group to interest rate risk. As at 31 December 2024, if the market interest rate had been increased/decreased 100 basis points with all variable held borrowings profit for the year ended 31 December 2024 would have been decreased/increased by RMB196,333,000 (31 December 2023: RMB191,199,000). An analysis by maturities is provided in Note 3.1(ii).

##### **(b) Price risk**

The Group's exposure to price risk arises from investments held by the Group and classified in the statement of financial position as at fair value through other comprehensive income ("FVOCI") or at fair value through profit or loss ("FVPL") disclosed in Note 19 and Note 24.

To manage its price risk arising from the investments, the Group closely monitors the price trend in the public market to consider these investments to be strategic in nature or be traded in a short period.

As at 31 December 2024, if the price had been increased/decreased 10 percents with FVOCI and FVPL, total comprehensive income for the year ended 31 December 2024 would have been increased/decreased by RMB34,146,000 (31 December 2023: RMB12,215,000).

The majority of the Group's equity investments are publicly traded in the Shanghai Stock Exchange and Shenzhen Stock Exchange.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (Continued)

#### (i) **Market risk (Continued)**

##### (c) *Foreign exchange risk*

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The Group operates in the PRC with most of the transactions settled in RMB, and the functional currency of the Company and the subsidiaries is RMB. The management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group are denominated in the currencies other than the respective functional currencies of the Group's entities.

#### (ii) **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents or to adjust financing arrangements to meet the Group's liquidity requirements.

The Group issued the perpetual bonds amounted to RMB1,999,900,000 containing no contractual obligation to deliver cash or another financial asset; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group. The perpetual bonds issued included no terms and arrangements that the bonds must or will alternatively be settled in the Group's own equity instruments. The Group classifies perpetual bonds issued as an equity instrument (Note 30).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (Continued)

#### (ii) Liquidity risk (Continued)

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities and the amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, because the impact of discounting is not significant.

	31 December 2024					
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	-	4,111	29,669	85,819	10,828	130,427
Interest-bearing bank and other borrowings (excluding lease liabilities)	-	503,064	3,019,712	14,788,249	28,616,535	46,927,560
Trade and other payables	590,461	294,372	1,380,644	-	-	2,265,477
	<b>590,461</b>	<b>801,547</b>	<b>4,430,025</b>	<b>14,874,068</b>	<b>28,627,363</b>	<b>49,323,464</b>

	31 December 2023					
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	-	1,031	26,188	81,967	20,214	129,400
Interest-bearing bank and other borrowings (excluding lease liabilities)	-	806,952	3,928,627	15,656,440	28,687,940	49,079,959
Trade and other payables	1,194,246	199,492	967,159	-	-	2,360,897
	<b>1,194,246</b>	<b>1,007,475</b>	<b>4,921,974</b>	<b>15,738,407</b>	<b>28,708,154</b>	<b>51,570,256</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (Continued)

#### (iii) Credit risk

The Group is exposed to credit risk in relation to certain financial assets, of which the carrying amounts represent the Group's maximum exposure to the credit risk. The expected credit losses ("ECLs") arising from the credit risk are presented as "net impairment losses on financial assets" in the consolidated statement of profit or loss and comprehensive income.

##### (a) Cash and bank balances, restricted deposits

To manage credit risk arising from cash and bank balances, restricted deposits, the Group only transacts with state-owned or reputable financial institutions. Primarily these instruments are considered to have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flows obligations in the near term. The identified credit losses are immaterial.

##### (b) Trade and other receivables

To manage credit risk arising from trade and other receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. Group's major customers in the construction contracts segment are the PRC government agencies and other state-owned enterprises. For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. For trade and other receivables that contain a significant financing component, the Group chooses as its accounting policy to adopt the general approach in calculating ECLs. For trade receivables that contain a significant financing component and other receivables that are subject to impairment under the general approach, are classified within the following stages for measurement of ECLs.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (Continued)

#### (iii) Credit risk (Continued)

- (c) The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy and the amounts presented are gross carrying amounts for financial assets and the exposure to credit risk.

	31 December 2024				
	General approach			Simplified approach	Total
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000		
Trade and bills receivables	394,395	968,502	–	240,153	1,603,050
Other receivables	231,576	21,000	99,947	–	352,523
Restricted deposits	972	–	–	–	972
Cash and cash balances	2,957,256	–	–	–	2,957,256
	<b>3,584,199</b>	<b>989,502</b>	<b>99,947</b>	<b>240,153</b>	<b>4,913,801</b>

	31 December 2023				
	General approach			Simplified approach	Total
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000		
Trade and bills receivables	72,708	1,533,143	–	266,267	1,872,118
Other receivables	325,213	–	134,406	–	459,619
Restricted deposits	128	–	–	–	128
Cash and cash balances	1,982,830	–	–	–	1,982,830
	<b>2,380,879</b>	<b>1,533,143</b>	<b>134,406</b>	<b>266,267</b>	<b>4,314,695</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (Continued)

#### (iii) Credit risk (Continued)

(d) The tables below show the impairment losses on financial assets

	31 December 2024				
	General approach			Simplified approach	Total
	Stage 1	Stage 2	Stage 3		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	–	(39,324)	–	(5,873)	(45,197)
Other receivables	–	(10,500)	(99,947)	–	(110,447)
Restricted deposits	–	–	–	–	–
Cash and cash balances	–	–	–	–	–
	–	(49,824)	(99,947)	(5,873)	(155,644)

	31 December 2023				
	General approach			Simplified approach	Total
	Stage 1	Stage 2	Stage 3		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	–	–	–	(3,678)	(3,678)
Other receivables	–	–	(134,406)	–	(134,406)
Restricted deposits	–	–	–	–	–
Cash and cash balances	–	–	–	–	–
	–	–	(134,406)	(3,678)	(138,084)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (Continued)

#### (iii) Credit risk (Continued)

- (e) The loss allowances for trade and other receivables as at 31 December reconcile to the opening loss allowances as follows:

	Trade receivables		Other receivables		Total	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Opening loss allowance at 1 January	3,678	37,601	134,406	134,406	138,084	172,007
Provision/(reversal) of loss allowance	41,519	(33,923)	(23,959)	–	17,560	(33,923)
Closing loss allowance at 31 December	45,197	3,678	110,447	134,406	155,644	138,084

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

### 3.2 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it 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 or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

The Group monitors capital using a gearing ratio, which is the Group's total liabilities over its total assets. The Group's policy is to keep the gearing ratio at a healthy capital level in order to support its businesses. The Group's gearing ratio as at 31 December 2024 was 68.06% (31 December 2023: 71.07%).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.3 Fair value estimation

#### (i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining the fair values, the Group has classified its financial instruments into three levels prescribed under the accounting standards.

The Group analyses its financial instruments carried at fair values by level of the inputs to valuation techniques used to measure the fair values. Such inputs are categorised into three levels within a fair value hierarchy as follows:

Level 1: unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3: inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs)

The following tables present the Group's assets and liabilities that are measured at fair value as at 31 December 2024 and 2023.

	31 December 2024			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Equity investments designated at FVOCI				
– Listed equity investments	284,937	–	–	284,937
– Unlisted equity investments	–	–	11,168	11,168
Financial assets at FVPL				
– Listed equity investments	491	–	–	491
– Unlisted investments	–	–	44,862	44,862
	285,428	–	56,030	341,458

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.3 Fair value estimation (Continued)

##### (i) Fair value hierarchy (Continued)

	31 December 2023			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Equity investments designated at FVOCI				
– Listed equity investments	78,199	–	–	78,199
– Unlisted equity investments	–	–	9,570	9,570
Financial assets at FVPL				
– Listed equity investments	366	–	–	366
– Unlisted investments	–	–	34,017	34,017
	78,565	–	43,587	122,152

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (2023: nil).

##### (ii) Valuation techniques used to determine fair value

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required for evaluating the fair value of a financial instrument are observable, the instrument is included in level 2. If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to measure financial instruments of level 2 and level 3 include:

- The use of quoted market prices or dealer quotes for similar instruments;
- The discounted cash flows model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate;
- The latest round financing, i.e. the prior transaction price or the third-party pricing information; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.3 Fair value estimation (Continued)

#### (iii) Fair value measurements using significant unobservable inputs (level 3)

The following tables present the movement of level 3 items which use significant unobservable inputs in determining their fair values for the years ended 31 December 2024 and 2023. The Group determines transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfer.

	Unlisted equity investment at FVOCI RMB'000	Unlisted investments at FVPL RMB'000	Total RMB'000
Opening balance as at 1 January 2023	10,450	28,777	39,227
Losses recognised in other comprehensive income	(880)	–	(880)
Gains recognised in other income and gains	–	5,240	5,240
Closing balance 31 December 2023	9,570	34,017	43,587
Gains recognised in other comprehensive income	1,598	–	1,598
Gains recognised in other income and gains	–	10,845	10,845
Closing balance as at 31 December 2024	11,168	44,862	56,030

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.3 Fair value estimation (Continued)

#### (iv) Valuation process, inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements and how a reasonable change in the input would affect the fair value.

The Group has a team that manages the valuation of financial instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case-by-case basis. At least once every year, the team would use valuation techniques to determine the fair values of the Group's level 2 and level 3 instruments. External valuation experts will be involved when necessary.

The Group's level 3 instruments are listed in the table in Note 3.3(i). As these instruments are not traded in active markets, their fair values have been determined using various applicable valuation techniques, including discounted cash flows, market approach, etc.

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

	Fair value		Un-observable inputs	Range of inputs		Relationship of unobservable inputs to fair value
	2024 RMB'000	2023 RMB'000		2024	2023	
Unlisted equity investment at FVOCI	11,168	9,570	Discount for lack of marketability	25%-30%	20%-30%	Negative
Unlisted investments at FVPL	44,862	34,017	Price earnings ratio	50.78	42.96	Positive

- (v) The carrying amounts of the Group's financial assets and financial liabilities measured at amortised cost approximate their fair values.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 4 CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will likely differ from actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that might have a financial impact on the entity and that are believed to be reasonable and possible under the circumstances.

### 4.1 Critical accounting estimates

#### **(i) Amortisation of service concession arrangements**

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

#### **(ii) Impairment losses on trade and other receivables**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the credit profile, ageing, different repayment scenarios, the credit enhancement measures, external credit ratings and industry classification of different customers, as well as forward-looking adjustment factors including GDP and PPI at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 3.1.

#### **(iii) Impairment of non-financial assets**

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose an appropriate discount rate in order to calculate the present value of those cash flows. Details of key assumptions are disclosed in Note 15.

## 4 CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

### 4.1 Critical accounting estimates (Continued)

**(iv) *Percentage of completion of construction and upgrade services provided under service concession arrangements and construction contracts***

The Group recognises income and expenses associated with construction and upgrade services provided under service concession arrangements and construction contracts in accordance with HKFRS 15 Revenue from Contracts with Customers. The Group recognises construction revenue under service concession arrangements and construction contracts according to the input of individual contracts of construction and upgrade service work, which requires management's estimation. The stage of completion and the corresponding contract revenue are estimated by management. Due to the nature of the activity undertaken in construction contracts, the date at which the activity is entered into and the date at which the activity is completed usually fall into different accounting periods. Hence, the Group reviews and revises the estimates contract costs in the budget prepared for each contract as the contract progresses.

**(v) *Fair value of unlisted equity investments***

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in Note 3.3 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments as at 31 December 2024 was RMB56,030,000 (31 December 2023: RMB43,587,000).

**(vi) *Deferred tax assets***

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised. Significant management judgement 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. The carrying amount of deferred tax assets at 31 December 2024 was RMB109,675,000 (31 December 2023: RMB112,259,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 4 CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

### 4.2 Critical accounting judgements

#### (i) *Revenue recognition*

The Group applies judgements in determining whether it is principally involved in the trading of goods. The Group obtains the control of the goods from the other party that it then transfers to the customers, considering the Group is primarily responsible for fulfilling the promise to provide the specified good, has inventory risk before the specified good has been transferred to a customer and has discretion in establishing the price for the specified good or service, the Group is able to control the goods before transferring to the customers, and concludes that it acts as a principal and recognises revenue in the gross amount.

## 5 SEGMENT INFORMATION

### 5.1 Description of segments and principal activities

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

- the expressways segment comprises the operation of expressways and a high-grade toll bridge in Mainland China;
- the construction services segment comprises the provision of construction and upgrade services under the service concession arrangements and construction contracts;
- the transportation services segment comprises the provision of advertising services, the rental of properties along expressways, the operation of gas stations along expressways and the sale of oil products;
- the transportation logistics segment comprises the sale of commodity logistics trade business;
- the new energy technologies segment comprises the provision of charging services for electric vehicles and the sale of charger modules; and
- others segment mainly comprises financial investments.

The senior management of the Company 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 profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that net impairment losses on financial assets, other expenses and unallocated other income and gains, as well as unallocated administrative expenses and selling expenses are excluded from such measurement. Interest income arising from construction contracts, road compensation income, dividend income and fair value gain on financial assets at FVPL are allocated in segment results of construction services, expressways and others respectively. Selling expenses are allocated in segment results of transportation services.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 5 SEGMENT INFORMATION (CONTINUED)

### 5.1 Description of segments and principal activities (Continued)

Segment assets exclude deferred tax assets, restricted deposits, cash and bank balances (including time deposits), equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss as these assets are managed on a group basis.

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

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

### 5.2 Segment information

#### Year ended 31 December 2024

	Expressways RMB'000	Construction Services RMB'000	Transportation Services RMB'000	Transportation Logistics RMB'000	New Energy Technologies RMB'000	Others RMB'000	Total RMB'000
<b>Segment revenue</b>	4,777,135	2,805,834	2,266,635	283,740	114,056	-	10,247,400
Segment cost of sales	(1,962,142)	(2,802,514)	(2,014,860)	(273,818)	(83,071)	(2)	(7,136,407)
<b>Segment results</b>	2,038,436	64,348	198,379	8,979	30,225	37,688	2,378,055
<i>Reconciliation:</i>							
Net impairment losses on financial assets							(17,560)
Other expenses							(42,241)
Unallocated other income and gains							103,792
Unallocated administrative expenses and selling expenses							(551,612)
<b>Profit before tax</b>							<b>1,870,434</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 5 SEGMENT INFORMATION (CONTINUED)

### 5.2 Segment information (Continued)

Year ended 31 December 2023

	Expressways RMB'000	Construction Services RMB'000	Transportation Service RMB'000	Transportation Logistics RMB'000	New Energy Technologies RMB'000	Others RMB'000	Total RMB'000
<b>Segment revenue</b>	4,721,287	4,116,160	1,959,766	718,809	64,845	–	11,580,867
Segment cost of sales	(2,155,866)	(4,108,886)	(1,704,839)	(700,602)	(61,550)	–	(8,731,743)
<b>Segment results</b>	1,742,689	4,666	198,650	52,502	3,046	34,316	2,035,869
<i>Reconciliation:</i>							
Other expenses							(32,741)
Unallocated other income and gains							119,120
Unallocated administrative expenses and selling expenses							(552,940)
Profit before tax							1,569,308

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 5 SEGMENT INFORMATION (CONTINUED)

### 5.2 Segment information (Continued)

31 December 2024

	Expressways RMB'000	Construction Services RMB'000	Transportation Services RMB'000	Transportation Logistics RMB'000	New Energy Technologies RMB'000	Others RMB'000	Total RMB'000
<b>Segment assets</b>	54,336,677	1,898,658	338,275	326,472	367,116	355,472	57,622,670
<i>Reconciliation:</i>							
Equity investments designated at fair value through other comprehensive income							296,105
Financial assets at fair value through profit or loss							45,353
Deferred tax assets							109,675
Restricted deposits							972
Cash and bank balances (including time deposits)							2,957,256
<b>Total assets</b>							61,032,031
<b>Segment liabilities</b>	39,307,011	1,663,375	139,247	55,556	135,917	228,439	41,529,545
<i>Reconciliation:</i>							
Dividend payable							315
Deferred tax liabilities							6,545
<b>Total liabilities</b>							41,536,405
<b>Other segment information</b>							
<b>For year ended 31 December 2024</b>							
Share of profits and losses of associates	12,121	-	-	(887)	-	24,343	35,577
Share of profits and losses of joint ventures	882	-	-	-	-	-	882
Finance costs – net	824,768	24,419	846	2	760	1,137	851,932
Depreciation and amortisation	1,216,459	5,652	30,457	612	19,373	332	1,272,885
Capital expenditure*	3,320,856	2,761	7,715	86,586	120,515	42	3,538,475
<b>31 December 2024</b>							
Investments in associates	70,762	-	-	71,920	-	341,885	484,567
Investments in joint ventures	27,811	-	-	-	-	-	27,811

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 5 SEGMENT INFORMATION (CONTINUED)

### 5.2 Segment information (Continued)

31 December 2023

	Expressways RMB'000	Construction Services RMB'000	Transportation Services RMB'000	Transportation Logistics RMB'000	New Energy Technologies RMB'000	Others RMB'000	Total RMB'000
<b>Segment assets</b>	52,026,786	2,085,498	299,077	435,824	228,045	348,188	55,423,418
<i>Reconciliation:</i>							
Equity investments designated at fair value through other comprehensive income							87,769
Financial assets at fair value through profit or loss							34,383
Deferred tax assets							112,259
Restricted deposits							128
Cash and bank balances (including time deposits)							1,982,830
<b>Total assets</b>							57,640,787
<b>Segment liabilities</b>	39,064,874	1,573,637	111,502	75,025	115,153	25,070	40,965,261
<i>Reconciliation:</i>							
Deferred tax liabilities							2,245
<b>Total liabilities</b>							40,967,506
<b>Other segment information</b>							
<b>For year ended</b>							
<b>31 December 2023</b>							
Share of profits and losses of associates	12,228	-	-	372	-	26,060	38,660
Share of profits and losses of joint ventures	7,523	-	-	-	-	-	7,523
Finance costs – net	904,514	32,055	962	-	249	89	937,869
Depreciation and amortisation	1,286,118	6,476	13,310	490	9,006	309	1,315,709
Capital expenditure*	4,584,233	527	12,375	1,818	133,630	81	4,732,664
<b>31 December 2023</b>							
Investments in associates	70,870	-	-	73,140	-	330,091	474,101
Investments in joint ventures	27,287	-	-	-	-	-	27,287

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 5 SEGMENT INFORMATION (CONTINUED)

### 5.3 Geographical information

The Group is domiciled in Mainland China. All external revenues of the Group are generated in Mainland China. The Group's non-current assets are all located in Mainland China. Thus, no geographic segment information is presented.

### 5.4 Information about major customers

During the years ended 31 December 2024 and 2023, no revenue derived from a single customer accounted for 10% or more of the Group's total revenue.

## 6 REVENUE

### (a) Disaggregated revenue information for revenue from contracts with customers

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from contracts with customers	10,192,344	11,543,947
Revenue from other sources:		
Gross rental income from operating leases	55,056	36,920
	10,247,400	11,580,867

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 6 REVENUE (CONTINUED)

### (a) Disaggregated revenue information for revenue from contracts with customers (Continued)

#### Year ended 31 December 2024

	Expressways RMB'000	Construction Services RMB'000	Transportation Services RMB'000	Transportation Logistics RMB'000	New Energy Technologies RMB'000	Total RMB'000
<b>Types of goods or services</b>						
Toll income	4,777,135	-	-	-	-	4,777,135
Construction services	-	2,805,834	-	-	-	2,805,834
Sale of products	-	-	2,135,083	283,740	52,398	2,471,221
Charging services for electric vehicles	-	-	-	-	47,832	47,832
Others	-	-	76,496	-	13,826	90,322
<b>Total revenue from contracts with customers</b>	<b>4,777,135</b>	<b>2,805,834</b>	<b>2,211,579</b>	<b>283,740</b>	<b>114,056</b>	<b>10,192,344</b>
<b>Timing of revenue recognition</b>						
At a point in time	4,777,135	-	2,211,579	283,740	52,398	7,324,852
Over time	-	2,805,834	-	-	61,658	2,867,492
<b>Total revenue from contracts with customers</b>	<b>4,777,135</b>	<b>2,805,834</b>	<b>2,211,579</b>	<b>283,740</b>	<b>114,056</b>	<b>10,192,344</b>

#### Year ended 31 December 2023

	Expressways RMB'000	Construction Services RMB'000	Transportation Service RMB'000	Transportation Logistics RMB'000	New Energy Technologies RMB'000	Total RMB'000
<b>Types of goods or services</b>						
Toll income	4,721,287	-	-	-	-	4,721,287
Construction services	-	4,116,160	-	-	-	4,116,160
Sale of products	-	-	1,871,550	718,809	32,273	2,622,632
Charging services for electric vehicles	-	-	-	-	32,572	32,572
Others	-	-	51,296	-	-	51,296
<b>Total revenue from contracts with customers</b>	<b>4,721,287</b>	<b>4,116,160</b>	<b>1,922,846</b>	<b>718,809</b>	<b>64,845</b>	<b>11,543,947</b>
<b>Timing of revenue recognition</b>						
At a point in time	4,721,287	-	1,922,846	718,809	64,845	7,427,787
Over time	-	4,116,160	-	-	-	4,116,160
<b>Total revenue from contracts with customers</b>	<b>4,721,287</b>	<b>4,116,160</b>	<b>1,922,846</b>	<b>718,809</b>	<b>64,845</b>	<b>11,543,947</b>

## 6 REVENUE (CONTINUED)

### (b) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities (Note 26) and how much relates to performance obligations that were satisfied in prior periods:

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the year:		
Sale of goods	14,338	7,496
Charging services for electric vehicles	5,231	1,640
	19,569	9,136

### (c) Performance obligations

#### *Toll income*

The performance obligation is satisfied when the relevant services have been provided upon the completion of passing through the expressway.

#### *Sale of products*

The performance obligation is satisfied upon delivery of the products and payment is generally due within 20 to 180 days from delivery, except for new customers, where payment in advance is normally required.

#### *Construction services*

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days to 13 years from the date of billing.

#### *Charging services for electric vehicles*

The performance obligation is satisfied when the service of the electricity transmitted service is rendered.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 6 REVENUE (CONTINUED)

### (c) Performance obligations (Continued)

The following table shows unsatisfied performance obligations:

	2024 RMB'000	2023 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	2,474,920	3,887,838
After one year	3,206,253	5,263,648
	5,681,173	9,151,486

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to the provision of the construction and upgrade services, of which the performance obligations are to be satisfied within two to three years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

### 6.1 Accounting policies of revenue recognition

#### (i) Revenue from contracts with customers

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

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

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

## 6 REVENUE (CONTINUED)

### 6.1 Accounting policies of revenue recognition (Continued)

#### (i) *Revenue from contracts with customers (Continued)*

##### (a) *Toll income*

Revenue from the provision of road operation services is recognised at the point of time when the relevant services have been provided and the Group has received the payment or the right to receive payment has been established. The performance obligation is satisfied when the relevant services have been provided upon the completion of passing through the expressway.

##### (b) *Construction services*

Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Claims to customers are amounts that the Group seeks to collect from the customers as reimbursement of costs and margins for scope of works not included in the original construction contract. Claims are accounted for as variable consideration and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group uses the expected values method to estimate the amount of claims because this method best predicts the amount of variable consideration to which the Group will be entitled.

##### (c) *Provision of the construction and upgrade services under service concession arrangements*

The Group recognises revenue associated with construction and upgrade services provided under the service concession arrangements in accordance with HKFRS 15 Revenue from Contracts with Customers and IFRIC 12 Service Concession Arrangements.

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

The Group uses the input method to determine the appropriate amount of revenue to be recognised in a given period, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The stage of completion is measured by reference to the construction costs of the related infrastructure incurred up to the end of the reporting period as a percentage of the total estimated costs for each contract.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 6 REVENUE (CONTINUED)

### 6.1 Accounting policies of revenue recognition (Continued)

#### (i) *Revenue from contracts with customers (Continued)*

##### (d) *Sale of products*

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

##### (e) *Provision of charging services for electric vehicles*

For the provision of charging services for electric vehicles, revenue is recognised when the service of electricity transmitted is rendered.

##### (f) *Revenue from other sources*

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

#### (ii) *Contract liabilities*

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 7 OTHER INCOME AND GAINS

	2024 RMB'000	2023 RMB'000
<b>Other income</b>		
Interest income arising from construction contracts	85,447	29,303
Interest income from bank deposits	38,827	62,329
Interest income from funds under centralised management	—	115
Interest income from discontinuing long term compensation receivables	—	426
Interest income from loans to the controlling shareholder	—	28,475
Interest income from loans to a related party	—	1,868
Government grants*	43,208	36,058
Road compensation income	32,205	26,612
Dividend income from equity investments designated at fair value through other comprehensive income	6,492	7,612
Rental income from operating leases of other lease payments, including fixed payments	8,196	2,904
Dividend income from financial assets at fair value through profit or loss	25	27
Others	13,561	10,828
Total other income	227,961	206,557
<b>Other gains</b>		
Reversal of impairment losses on trade and other receivables	—	33,923
Fair value gain on financial assets at fair value through profit or loss	10,970	5,241
Gain on disposal of right-of-use assets	—	144
Gain on liquidation of an associate	—	7,001
Total other income and gains	10,970	46,309
	238,931	252,866

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

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

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 8 FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest on bank and other borrowings	1,345,769	1,322,631
Interest on medium-term notes	24,787	52,814
Interest on corporate bonds	28,239	–
Interest on super short-term commercial papers	–	2,354
Interest on lease liabilities	5,813	6,337
	1,404,608	1,384,136
Less:		
Interest capitalised in respect of:		
Service concession arrangements (Note 15)	(552,676)	(446,267)
	851,932	937,869
Interest rate of borrowing costs capitalised	3.47%-3.65%	3.57%-3.92%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 9 PROFIT BEFORE TAX

Profit before tax includes the following items that are material or unusual because of their nature, size, or incidence:

	2024 RMB'000	2023 RMB'000
Employee benefit expenses (including directors', chief executive's and supervisors' remuneration):		
Wages and salaries	656,667	703,179
Pension scheme contributions*		
– Defined contribution fund	91,353	104,716
Housing fund*		
– Defined contribution fund	69,908	72,265
Supplementary pension scheme*		
– Defined contribution fund	49,232	25,990
Other staff benefits	137,531	157,415
Employee benefit expense**	1,004,691	1,063,565
Depreciation of property, plant and equipment (Note 14)	133,475	127,471
Amortisation of service concession arrangements (Note 15)	1,080,443	1,127,157
Depreciation of right-of-use assets (Note 16)	58,967	61,081
Depreciation and amortisation expenses**	1,272,885	1,315,709
Construction costs in respect of:		
Service concession arrangements (Note 15)	2,703,361	3,993,702
Construction works performed for other parties	90,906	108,837
Construction costs**	2,794,267	4,102,539
Cost of product sales	2,171,165	2,366,398
Repairs and maintenance	304,843	325,275
Loss on disposal of items of property, plant and equipment	20,221	7,561
Impairment losses on trade and other receivables	17,560	–
Cost of charging services	12,966	17,538
Loss on deemed disposal of investments in an associate	8,380	1,662
Lease payments not included in the measurement of lease liabilities	3,452	3,166
Foreign exchange losses, net	2,616	1,790
Auditor's remuneration	4,445	5,201
–Audit	2,968	3,882
–Non-audit	1,477	1,319
Impairment loss on goodwill	–	7,583
Late fees relating to unpaid taxes	–	2,128

\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

\*\* During the year, employee costs of RMB66,195,000(2023: RMB67,778,000), and depreciation and amortisation charges of RMB6,598,000 (2023: RMB6,238,000) were included in construction costs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 10 DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Directors', chief executive's and supervisors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 RMB'000	2023 RMB'000
Fees	320	320
Other emoluments:		
Salaries, allowances and benefits in kind	4,671	4,890
Pension scheme contributions	300	280
Supplementary pension scheme contributions	381	414
	5,352	5,584
	5,672	5,904

### (a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2024 RMB'000	2023 RMB'000
Mr. Yan Qixiang (i)	13	80
Madam Bu Danlu	80	80
Mr. Yu Haizong	80	80
Mr. Zhang Qinghua (ii)	53	80
Mr. Zhou Hua (iii)	67	–
Mr. Jiang Tao (iv)	27	–
	320	320

- (i) Mr. Yan Qixiang resigned as an independent non-executive director of the Company on 1 February 2024.
- (ii) Mr. Zhang Qinghua resigned as an independent non-executive director of the Company on 3 September 2024.
- (iii) Mr. Zhou Hua was appointed as the Company's independent non-executive director on 1 February 2024 and has been entitled to audit and nomination committee.
- (iv) Mr. Jiang Tao was appointed as the Company's independent non-executive director on 3 September 2024.

There is no other emoluments payable to the independent non-executive directors during the year (2023: nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 10 DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

### (b) Executive and non-executive directors

	Salaries, allowances and benefits in kind RMB'000	Performance Related bonuses RMB'000	Pension Scheme contributions RMB'000	Supplementary pension scheme contributions RMB'000	Total remuneration RMB'000
<b>2024</b>					
Executive directors:					
Mr. Luo Zuyi (i)	602	–	32	42	676
Mr. Li Wenhui (ii)	201	–	10	17	228
Mr. You Zhiming	647	–	43	55	745
Madam Ma Yonghan	642	–	43	54	739
Mr. Yao Jiancheng (iii)	647	–	43	55	745
Madam Mao Yurong (iv)	54	–	–	–	54
	<b>2,793</b>	<b>–</b>	<b>171</b>	<b>223</b>	<b>3,187</b>
Non-executive directors:					
Mr. Li Chengyong	–	–	–	–	–
Mr. Wu Xinhua	–	–	–	–	–
Mr. Yang Shaojun (v)	–	–	–	–	–
Mr. Chen Chaoxiong	–	–	–	–	–
	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
	<b>2,793</b>	<b>–</b>	<b>171</b>	<b>223</b>	<b>3,187</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 10 DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

### (b) Executive and non-executive directors (Continued)

	Salaries, allowances and benefits in kind <i>RMB'000</i>	Performance Related bonuses <i>RMB'000</i>	Pension Scheme contributions <i>RMB'000</i>	Supplementary pension scheme contributions <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
2023					
Executive directors:					
Mr. Li Wenhui (ii)	775	–	41	73	889
Mr. Gan Yongyi (vi)	646	–	34	61	741
Mr. You Zhiming	635	–	41	57	733
Madam Ma Yonghan	635	–	41	57	733
Madam Xue Min (vii)	377	–	–	–	377
	3,068	–	157	248	3,473
Non-executive directors:					
Mr. Li Chengyong	–	–	–	–	–
Mr. Wu Xinhua	–	–	–	–	–
Mr. Chen Chaoxiong	–	–	–	–	–
	–	–	–	–	–
	3,068	–	157	248	3,473

- (i) Mr. Luo Zuyi was appointed as the Company's executive director on 9 April 2024.
- (ii) Mr. Li Wenhui resigned as the Company's executive director on 8 March 2024.
- (iii) Mr. Yao Jiancheng was appointed as the Company's executive director on 9 January 2024.
- (iv) Madam Mao Yurong was appointed as the Company's executive director on 20 November 2024.
- (v) Mr. Yang Shaojun was appointed as the Company's non-executive director on 20 November 2024.
- (vi) Mr. Gan Yongyi resigned as the Company's executive director on 20 October 2023.
- (vii) Madam Xue Min resigned as the Company's executive director on 28 August 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 10 DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

### (c) Supervisors

	Salaries, allowances and benefits in kind <i>RMB'000</i>	Performance Related bonuses <i>RMB'000</i>	Pension Scheme contributions <i>RMB'000</i>	Supplementary pension scheme contributions <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
<b>2024</b>					
Mr. Luo Maoquan	720	–	43	62	825
Mr. Ling Xiyun	–	–	–	–	–
Mr. Wang Yao	–	–	–	–	–
Madam Li Tao	647	–	43	54	744
Madam Gao Ying	–	–	–	–	–
Madam Lu Xiaoyan	511	–	43	42	596
	1,878	–	129	158	2,165
	Salaries, allowances and benefits in kind <i>RMB'000</i>	Performance Related bonuses <i>RMB'000</i>	Pension Scheme contributions <i>RMB'000</i>	Supplementary pension scheme contributions <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
<b>2023</b>					
Mr. Luo Maoquan	698	–	41	66	805
Mr. Ling Xiyun	–	–	–	–	–
Mr. Wang Yao	–	–	–	–	–
Madam Li Tao	630	–	41	57	728
Madam Gao Ying	–	–	–	–	–
Madam Lu Xiaoyan	494	–	41	43	578
	1,822	–	123	166	2,111

There was no arrangement under which a supervisor waived or agreed to waive any remuneration during the year (2023: nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 10 DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

- (d) The five highest paid employees during the year included two directors (2023: three) and two supervisors (2023: one), details of whose remuneration are set out above. Details of the remuneration for the year of the remaining one (2023: one) highest paid employees who are neither a director, chief executive nor supervisor of the Company are as follows.

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Salaries, allowances and benefits in kind	<b>676</b>	653
Performance related bonuses	–	41
Pension scheme contributions	<b>43</b>	47
Supplementary pension scheme contributions	<b>57</b>	–
	<b>776</b>	741

Remuneration of the above non-director, non-chief executive and non-supervisor highest paid employees during the year and the prior year was below HK\$1,000,000.

In addition to the amounts disclosed above, four non-executive directors (2023: three) and three supervisors (2023: three) did not receive any remuneration from the Company in 2024. They are respectively the senior executives and directors of Shudao Investment and China Merchants Expressway Network & Technology Holdings Company Limited, which holds a 24.88% interest in the Company. In the opinion of the directors, it is not practicable to apportion these amounts between their services as directors and supervisors of the Company and their services as senior executives and directors of the above companies.

## 10 DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

### (e) Directors' retirement benefits and termination benefits

For the years ended 31 December 2024 and 2023, no special retirement and termination benefits plans to the directors for the year except for the plans to all the Group's employees mentioned in Note 9. No other retirement and termination benefits were paid to or receivable by those directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking.

### (f) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2024, the Company did not provide any consideration to any third party for making available director's services (2023: nil).

### (g) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 December 2024, no loans, quasi-loans or other dealings in favour of directors of the Company, controlled bodies corporate by and connected entities with such directors (2023: nil).

### (h) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 11 INCOME TAX EXPENSE

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

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

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

For entities within the scope of the transportation industry, i.e., the Company, Chengle Company, Chengbei Company, Rongcheng Second Ring Company and Chengdu Airport Expressway Company Limited ("Chengdu Airport Expressway"), an associate of the Company, are entitled to a preferential tax rate of 15%.

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Current income tax		
Current tax on profits for the year	<b>340,424</b>	302,303
Adjustments for current tax of prior periods	<b>(12,641)</b>	901
Deferred income tax	<b>3,126</b>	(664)
	<b>330,909</b>	302,540

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 11 INCOME TAX EXPENSE (CONTINUED)

A reconciliation of the tax expense applicable to profit before tax at the applicable tax rates for companies within the Group to the tax expense at the Group's effective tax rate, is as follows:

	2024 RMB'000	2023 RMB'000
Profit before tax	1,870,434	1,569,308
Tax at the applicable tax rates	292,451	246,521
Income not subject to tax	(1,329)	(1,456)
Expenses not deductible for tax	2,592	5,057
Adjustments for current tax of prior periods	(12,641)	901
Profit attributable to associates and joint ventures	(6,741)	(8,442)
Tax losses and deductible temporary differences not recognised	59,031	56,458
Tax losses utilised from previous years	(825)	(1,969)
Dividend from a joint venture not subject to tax	–	1,355
Others	(1,629)	4,115
Tax charge at the Group's effective tax rate	330,909	302,540

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 12 DIVIDEND

	2024 RMB'000	2023 RMB'000
Proposed final – RMB0.29 (2023: RMB0.24) per ordinary share	886,837	733,934

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements have not reflected this proposed final dividend.

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

### 13 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDINGS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company, and the number of ordinary shares of 3,058,060,000 (2023: 3,058,060,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 14 PROPERTY, PLANT AND EQUIPMENT

	Safety equipment RMB'000	Communication and signalling systems RMB'000	Toll collection equipment RMB'000	Buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
<b>31 December 2024</b>									
<b>Cost</b>									
At 1 January 2024	636,562	212,878	460,309	746,509	300,733	107,941	14,863	184,687	2,664,482
Additions	3,306	328	57,867	35,761	94,787	11,653	1,648	77,088	282,438
Disposals	(4,321)	(3,430)	(12,169)	-	(8,677)	(4,827)	-	(20,386)	(53,810)
Transfer	8,051	-	12,003	55,308	4,367	-	-	(79,729)	-
At 31 December 2024	643,598	209,776	518,010	837,578	391,210	114,767	16,511	161,660	2,893,110
<b>Accumulated depreciation</b>									
At 1 January 2024	595,386	144,682	283,372	402,959	165,512	76,729	4,019	-	1,672,659
Provided during the year (Note 9)	6,055	10,557	39,570	31,102	35,425	8,065	2,701	-	133,475
Disposals	(4,307)	(3,295)	(12,136)	-	(8,393)	(4,784)	-	-	(32,915)
At 31 December 2024	597,134	151,944	310,806	434,061	192,544	80,010	6,720	-	1,773,219
<b>Net carrying amount</b>									
At 1 January 2024	41,176	68,196	176,937	343,550	135,221	31,212	10,844	184,687	991,823
At 31 December 2024	46,464	57,832	207,204	403,517	198,666	34,757	9,791	161,660	1,119,891

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Safety equipment RMB'000	Communication and signalling systems RMB'000	Toll collection equipment RMB'000	Buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023									
<b>Cost</b>									
At 1 January 2023	639,346	197,641	455,871	692,745	274,471	108,731	11,712	27,139	2,407,656
Additions	601	3,141	6,025	–	20,095	2,054	–	260,779	292,695
Disposals	(9,510)	(1,136)	(1,587)	(7,544)	(12,959)	(2,844)	(289)	–	(35,869)
Transfer	6,125	13,232	–	61,308	19,126	–	3,440	(103,231)	–
At 31 December 2023	636,562	212,878	460,309	746,509	300,733	107,941	14,863	184,687	2,664,482
<b>Accumulated depreciation</b>									
At 1 January 2023	599,802	123,097	247,780	362,378	160,816	72,562	1,177	–	1,567,612
Provided during the year (Note 9)	4,566	21,997	37,075	40,976	13,094	6,921	2,842	–	127,471
Disposals	(8,982)	(412)	(1,483)	(395)	(8,398)	(2,754)	–	–	(22,424)
At 31 December 2023	595,386	144,682	283,372	402,959	165,512	76,729	4,019	–	1,672,659
<b>Net carrying amount</b>									
At 1 January 2023	39,544	74,544	208,091	330,367	113,655	36,169	10,535	27,139	840,044
At 31 December 2023	41,176	68,196	176,937	343,550	135,221	31,212	10,844	184,687	991,823

## 14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### 14.1 Accounting policies of property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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

Safety equipment	10 years
Communication and signalling systems	10 years
Toll collection equipment	8 years
Buildings	15 – 30 years
Machinery and equipment	5 – 10 years
Motor vehicles	8 years
Leasehold improvements	3-10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 15.2).

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Construction in progress is stated at cost less any impairment losses and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 15 SERVICE CONCESSION ARRANGEMENTS

	2024 RMB'000	2023 RMB'000
<b>Cost:</b>		
At 1 January	61,468,464	57,028,495
Additions	3,256,037	4,439,969
At 31 December	64,724,501	61,468,464
<b>Accumulated amortisation:</b>		
At 1 January	(11,822,869)	(10,695,712)
Charged for the year (Note 9)	(1,080,443)	(1,127,157)
At 31 December	(12,903,312)	(11,822,869)
<b>Net carrying amount:</b>		
At 1 January	49,645,595	46,332,783
At 31 December	51,821,189	49,645,595

- (a) As at 31 December 2024, the concession rights pertaining to certain expressways with net carrying amounts listed below were pledged to secure bank loans granted to the Group:

	2024 RMB'000	2023 RMB'000
Chengle Expressway	13,964,775	12,155,168
Chengren Expressway	5,696,918	5,903,036
Tianqiong Expressway	6,891,267	5,522,506
Suiguang Expressway and Suixi Expressway	10,891,294	11,095,731
Second Ring (Western) Expressway	12,946,141	13,165,127
	50,390,395	47,841,568

- (b) During the year, the Group was mainly in the construction of the Chengle Expressway Expansion Construction Project and Tianqiong Expressway Build-Operate-Transfer ("BOT") Project. As at 31 December 2024, total cost of RMB3,256,037,000 (2023: RMB4,439,969,000) included construction costs of RMB2,703,361,000 (2023: RMB3,993,702,000) which was sub-contracted to third party subcontractors and borrowing costs of RMB552,676,000 (2023: RMB446,267,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 15 SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

- (c) For the year ended 31 December 2024, construction revenue of RMB2,703,361,000 (2023: RMB3,993,702,000) was recognised mainly in respect of the construction services provided by the Group for the Chengle Expressway Expansion Construction Project, Tianqiong Expressways BOT Project using the input method.
- (d) Additions to service concession arrangements during the year included interest capitalised in respect of bank loans amounting to RMB552,676,000 (2023: RMB446,267,000) (Note 8).
- (e) As at 31 December 2024, other than land with a site area of approximately 5,427,106 square metres (31 December 2023: 2,139,038 square meters), the Group has not obtained land use right certificates of certain land occupied by Rongcheng Second Ring Company. In the opinion of the directors, there are no major obstacles for the Group to obtain these certificates, and the normal operation of Rongcheng Second Ring Company will not be adversely affected before obtaining these certificates.
- (f) During the year ended 31 December 2024 and 2023, the management of the Group identified the indicators of impairment considering that the traffic volume of Suiguang Expressway and Suixi Expressway did not meet the expectations. The management determined the service concession arrangements and relevant equipment as two cash-generating units ("CGU"), one Suiguang Expressway CGU and one Suixi Expressway CGU respectively, and performed the impairment test using the method of value in use to determine the recoverable amount.

The Group engaged an independent valuer to assist the preparation of forecast of future traffic volume. The key assumptions include the expected gross domestic product ("GDP") growth rate, relevant government policies of Western China and development plan of road network. The discount rate is the pre-tax discount rate that reflects the specific risk of related assets.

The key assumptions in estimating the recoverable amount are shown in the below table.

Key assumptions	2024	2023
Revenue growth rate	2%-25%	2%-7%
Pre-tax discount rate (%)	7.9%	8.7%

The recoverable amounts were RMB8,266,720,000 and RMB5,786,740,000 for Suiguang Expressway CGU and Suixi Expressway CGU separately which were higher than the net carrying amounts of the related assets, so no impairment for the service concession arrangements was made for year ended 31 December 2024 (31 December 2023: nil).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 15 SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

### 15.1 Accounting policies of service concession arrangements

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

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

Costs incurred during the period of construction of underlying assets of a service concession arrangement are recorded in the service concession arrangement, amortisation of service concession arrangements, other than gas stations, is provided on a unit-of-usage basis to write off the costs of these arrangements, based on the share of traffic volume in a particular period over the projected total traffic volume throughout the periods for which the Group is granted to operate those service concession arrangements.

Amortisation of gas stations that are recognised as part of the underlying infrastructure of the service concession arrangements is provided on the straight-line basis to write off the costs of gas stations over the periods for which the Group is granted the rights to charge users under the service concession arrangements.

It is the Group's policy to review regularly the projected total traffic volume throughout the concession periods of the respective service concession arrangements. If it is considered appropriate, independent professional traffic studies will be performed. Appropriate adjustment will be made should there be a material change in the projected total traffic volume. Suiguang Expressway and Suixi Expressway's latest forecast of future traffic volume have been renewed in 2024 with any change of estimation reflected in the current amortisation and impairment assessment.

## 15 SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

### 15.1 Accounting policies of service concession arrangements (Continued)

Particulars of the expressways managed and operated by the Group as at 31 December 2024 are as follows:

	Origin/destination	Approximate length (km)	Date of commencement of operations of the entire toll expressway
Chengyu Expressway	Chengdu/Shangjiapo	226	7 October 1997
Chengya Expressway	Chengdu/Duiyan	144	1 January 2000
Chengren Expressway	Jiangjia/Zhichanggou	107	18 September 2012
Chengle Expressway	Qinglongchang/Guliba	86	1 January 2000
Chengbei Exit Expressway	Qinglongchang/Baihelin	10	21 December 1998
Suiguang Expressway	Jinqiao interchange/Hongtudi interchange	103	9 October 2016
Suixi Expressway	Jixiang Town/Taiping Town, Xichong County	68	9 October 2016
Second Ring (Western) Expressway	Shuangliu County/Mengyang County	114	16 February 2016

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 15 SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

### 15.2 Accounting policies of impairment of non-financial assets

Where an indication of impairment exists, the asset's recoverable amount of service concession arrangements is estimated. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 16 LEASE

### The Group as a lessee

The Group has lease contracts for various items of land and office buildings used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 11 to 70 years, and no ongoing payments will be made under the terms of these land leases. Leases of office buildings generally have lease terms between 1 and 16 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Office buildings RMB'000	Total RMB'000
As at 1 January 2024	241,240	37,155	278,395
Additions	–	18,448	18,448
Depreciation charge (Note 9)	(43,475)	(15,492)	(58,967)
As at 31 December 2024	197,765	40,111	237,876

#### (b) Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	122,798	134,052
New leases	18,424	24,426
Terminations	–	(4,574)
Accretion of interest recognised during the year	5,813	6,337
Payments	(32,080)	(37,443)
Carrying amount at 31 December	114,955	122,798
Analysed into:		
Current portion	24,038	23,264
Non-current portion	90,917	99,534

The maturity analysis of lease liabilities is disclosed in Note 3.1 to the financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 16 LEASE (CONTINUED)

#### The Group as a lessee (Continued)

**(c) The amounts recognised in profit or loss in relation to leases are as follows:**

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Interest on lease liabilities (Note 8)	<b>5,813</b>	6,337
Depreciation charge of right-of-use assets (Note 9)	<b>58,967</b>	61,081
Expense relating to short-term leases (Note 9)	<b>3,452</b>	3,166
	<b>68,232</b>	70,584

**(d)** The total cash outflow for leases is disclosed in Note 32 to the financial statements.

#### The Group as a lessor

The Group leases its leased properties consisting office buildings and service zones under operating lease arrangements. The terms of the arrangements generally require the tenants to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year ended 31 December 2024 was RMB63,252,000 (2023: RMB39,824,000), details of which are included in Note 6 and Note 7 to the financial statements.

## 16 LEASE (CONTINUED)

### 16.1 Accounting policies of lease

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

#### **The Group as a lessee**

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

#### **(i) Right-of-use assets**

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

Leasehold land	11 to 70 years
Office buildings	1 to 16 years

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

#### **(ii) Lease liabilities**

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 16 LEASE (CONTINUED)

### 16.1 Accounting policies of lease (Continued)

#### **(ii) Lease liabilities (Continued)**

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

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

#### **(iii) Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value are recognised as an expense on a straight-line basis over the lease term.

#### **The Group as a lessor**

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

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

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 17 INVESTMENTS IN JOINT VENTURES

	2024 RMB'000	2023 RMB'000
Share of net assets	27,811	27,287

Particulars of the Group's joint ventures, which were established and operate in Mainland China as at 31 December 2024, are as follows:

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

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2024 RMB'000	2023 RMB'000
Share of the joint ventures' profit for the year	882	7,523
Dividend declared during the year	(358)	(9,032)
Withdrawal during the year*	—	(100,000)
Aggregate carrying amount of the Group's investments in joint ventures	27,811	27,287

The Group's investments in joint ventures are measured using the equity method.

\* During the year ended 31 December 2023, the Group had capital withdrawal of RMB100,000,000 in Chengyu Development Fund. The withdrawal was made in proportion with the shareholding percentage. The equity interest held by the Group remained the same and is still able to exercise joint control after the capital withdrawal.

The Group determines there is no significant joint ventures by considering factors such as whether they are listed companies, the proportion of the carrying amount to the Group's consolidated total assets, and the ratio of share of net profits to the Group's consolidated profit for the year.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 18 INVESTMENTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Share of net assets	484,567	474,101

Particulars of the Group's associates, which were established and operate in Mainland China as at 31 December 2024, are as follows:

Name	Percentage of Ownership interest of the Group	Principal activities
Chengdu Airport Expressway	25%	Operation of Chengdu Airport Expressway
Sichuan Renshou Rural Commercial Bank Co., Ltd. (a)	7.474%	Banking operations
Sichuan Zhongxin Assets Management Company Limited(b)	5%	Asset management
Shudao Financial Leasing (Shenzhen) Company Limited (b)	8.6545%	Finance lease
Chengdu Communications Investment Supply Chain Management International Co., Ltd.	29%	Business services

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

- (a) According to the article of association of Sichuan Renshou Rural Commercial Bank Co., Ltd, a subsidiary of the Group has the representation in the board of directors and therefore can participate in the financial and operating policy decisions of Sichuan Renshou Rural Commercial Bank Co., Ltd., so as to have significant influence in its activities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 18 INVESTMENTS IN ASSOCIATES (CONTINUED)

- (b) During the year ended 31 December 2024, the Group's subsidiary, CSI SCE Investment Holding Limited entered into a capital increase agreement with Shudao capital holding group Co., Ltd., one shareholder of Shudao Financial Leasing (Shenzhen) Company Limited, who has injected RMB1,209,200,000 in Shudao Financial Leasing Company. Accordingly, the Group's equity interest in Shudao Financial Leasing Company was diluted from 25.05% to 8.6545% and a dilution loss on investment in an associate of RMB8,380,000 was recognised. According to the article of association of Shudao Financial Leasing Company, CSI SCE Investment Holding Limited has the representation in the board of directors and therefore can participate in the financial and operating policy decisions of the company so as to have significant influence in its activities.

During the year ended 31 December 2023, Shudao Chengyu Investment entered into a capital increase agreement with Sichuan Industrial Revitalization Development Investment Fund Co., Ltd., one shareholder of Sichuan Zhongxin Assets Management Company Limited, who has injected RMB96,250,000 in Sichuan Zhongxin Assets Management Company Limited. Accordingly, the Group's equity interest in Sichuan Zhongxin Assets Management Company Limited was diluted from 40% to 5% and a dilution loss on investment in an associate of RMB1,662,000 was recognised. According to the article of association of Sichuan Zhongxin Assets Management Company Limited, Shudao Chengyu Investment has the representation in the board of directors and therefore can participate in the financial and operating policy decisions of the company so as to have significant influence in its activities.

- (c) The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2024 RMB'000	2023 RMB'000
Share of the associates' profit for the year	35,577	38,660
Dividend declared during the year	(16,731)	(31,251)
Liquidation of an associate	–	(4,450)
Deemed disposal of investment in an associate (b)	(8,380)	(1,662)
Aggregate carrying amount of the Group's investments in associates	484,567	474,101

The Group determines there is no significant associates by considering factors such as whether they are listed companies, the proportion of the carrying amount to the Group's consolidated total assets, and the ratio of share of net profits to the Group's consolidated profit for the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 19 EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 RMB'000	2023 RMB'000
<b>Equity investments designated at fair value through other comprehensive income:</b>		
Listed equity investments, at fair value		
– China Everbright Bank	104,358	78,199
– China Merchants Fund REITs (a)	180,579	–
	284,937	78,199
Unlisted equity investments, at fair value		
– Sichuan Intelligent Transportation System Management Company Limited	1,448	850
– Chengdu Chengbei Expressway Gas Station Co., Ltd.	9,720	8,720
	11,168	9,570
	296,105	87,769

- (a) During the year ended 31 December 2024, Shudao Chengyu Investment subscribes 5.71% of China Merchants Fund REITs set up by China Merchants Fund Management Co., Ltd with a consideration of RMB199,622,000. Considering that China Merchants Fund REITs does not have an unconditional obligation to deliver cash or other financial assets to the fund holder, the Group recognised this investment as equity investments. As at 31 December 2024, China Merchants Fund Management Co., Ltd declared the total distributable amounts RMB207,090,000 and Shudao Chengyu Investment Company was entitled RMB11,825,000. Shudao Chengyu Investment recorded RMB11,138,000 as the receipt of investment and RMB687,000 as dividend income.

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

- (b) During the year ended 31 December 2024, the Group received or was entitled dividends in the amount of RMB6,492,000 (2023: RMB7,612,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 20 PAYMENTS IN ADVANCE

	2024 RMB'000	2023 RMB'000
In respect of:		
Construction (a)	1,086,782	1,007,320
Sandstones (b)	410,024	324,026
	<b>1,496,806</b>	<b>1,331,346</b>

- (a) Pursuant to contracts governing the relevant construction projects, prepayments were mainly made by the Group to ensure the continuous construction of Chengle Expressway Expansion Construction Project.

Included in payments in advance in respect of construction, prepayments amounting to RMB950,427,000 (31 December 2023: RMB869,690,000) were made to fellow subsidiaries under control of Shudao Investment, for Chengle Expressway Expansion Construction Project and Lushan Country Long Bao Da Construction Project.

- (b) Pursuant to contracts governing the construction of Lushan County Tourist Road Construction Project, considerations arising from the construction service will be used to settle the purchase of sandstones arranged by the local government authorities, for a period over one year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 21 DEFERRED TAX

### (a) Deferred tax assets

	Deferred income <i>RMB'000</i>	Fair value adjustment arising from equity investments designated at FVOCI <i>RMB'000</i>	Deductible tax losses <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	16,667	4,678	71,335	20,932	14,801	128,413
Deferred tax credited to profit or loss during the year ( <i>Note 11</i> )	(3,499)	–	(3,442)	(2,053)	9,570	576
Deferred tax charged to reserves during the year	–	796	–	–	–	796
At 31 December 2023 and 1 January 2024	<b>13,168</b>	<b>5,474</b>	<b>67,893</b>	<b>18,879</b>	<b>24,371</b>	<b>129,785</b>
Deferred tax credited to profit or loss during the year ( <i>Note 11</i> )	(438)	–	(1,646)	4,019	771	2,706
Deferred tax charged to reserves during the year	–	1,053	–	–	–	1,053
At 31 December 2024	<b>12,730</b>	<b>6,527</b>	<b>66,247</b>	<b>22,898</b>	<b>25,142</b>	<b>133,544</b>

The Group has tax losses arising in Mainland China of RMB1,831,600,000 (2023: RMB2,140,083,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making and it is not considered probable that taxable profits will be available against which they can be utilised.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 21 DEFERRED TAX (CONTINUED)

### (b) Deferred tax liabilities

	Fair value adjustment arising from equity investments designated at FVOCI RMB'000	Fair value adjustment arising from financial assets at FVPL RMB'000	Accelerated amortisation for tax purposes RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2023	1,298	–	354	18,506	20,158
Deferred tax credited to profit or loss during the year (Note 11)	–	1,270	(354)	(1,004)	(88)
Deferred tax charged to reserves during the year	(299)	–	–	–	(299)
At 31 December 2023 and 1 January 2024	<b>999</b>	<b>1,270</b>	<b>–</b>	<b>17,502</b>	<b>19,771</b>
Deferred tax debited to profit or loss during the year (Note 11)	–	<b>2,711</b>	<b>–</b>	<b>3,121</b>	<b>5,832</b>
Deferred tax charged to reserves during the year	<b>4,811</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,811</b>
At 31 December 2024	<b>5,810</b>	<b>3,981</b>	<b>–</b>	<b>20,623</b>	<b>30,414</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 21 DEFERRED TAX (CONTINUED)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for reporting purposes:

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Gross deferred tax assets	<b>133,544</b>	129,785
Gross deferred tax liabilities	<b>(23,869)</b>	(17,526)
Net deferred tax assets	<b>109,675</b>	112,259
Gross deferred tax liabilities	<b>30,414</b>	19,771
Gross deferred tax assets	<b>(23,869)</b>	(17,526)
Net deferred tax liabilities	<b>6,545</b>	2,245

## 22 INVENTORIES

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Refined oil products	<b>12,987</b>	22,311
Sandstones	<b>2,574</b>	14,472
Agricultural products	<b>4,202</b>	74,863
Spare parts and construction materials	<b>10,104</b>	8,175
	<b>29,867</b>	119,821

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 23 TRADE AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
<b>Trade receivables</b>		
Trade receivables (a)	1,603,050	1,870,018
Loss allowance (a)	(45,197)	(3,678)
Trade receivables, net	1,557,853	1,866,340
Bills receivable	—	2,100
	1,557,853	1,868,440
<b>Other receivables and prepayments</b>		
Other receivables and prepayments (b)	957,257	821,016
Loss allowance (b)	(110,447)	(134,406)
	846,810	686,610
<b>Total trade and other receivables</b>	<b>2,404,663</b>	<b>2,555,050</b>
Less: Current portion	(1,135,504)	(1,015,838)
Non-current portion	1,269,159	1,539,212



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 23 TRADE AND OTHER RECEIVABLES (CONTINUED)

### (a) Trade receivables

The Group's trading terms of trade receivables arising from sales of products with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally twenty days, extending up to six months for major customers.

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

According to the contracts governing the relevant construction works, as at 31 December 2024, gross amount of trade receivables of RMB1,073,479,000 (31 December 2023: RMB1,106,441,000) are to be settled by instalments within two to thirteen years upon completion of the relevant construction works and bear contractual interest rates ranging from 4.75% to 8.5% (31 December 2023: 4.75% to 8.5%) per annum. The remaining trade receivables are non-interest-bearing.

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

	2024 RMB'000	2023 RMB'000
Within 3 months	316,967	271,256
3 to 6 months	37,100	32,096
6 to 12 months	3,326	19,683
Over 1 year	1,200,460	1,543,305
	<b>1,557,853</b>	<b>1,866,340</b>

The movement in the loss allowance for impairment of trade receivables is as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	3,678	37,601
Provision/(reversal) of impairment losses (Note 9)	41,519	(33,923)
At end of year	<b>45,197</b>	<b>3,678</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 23 TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Other receivables and prepayments

The Group's other receivables and prepayments as at 31 December are analysed as follows:

	2024 RMB'000	2023 RMB'000
Other receivables:		
Toll income receivables	88,631	136,155
Deposits	40,929	5,729
Up-front payment of construction contracts	40,866	40,866
Investment receivables	11,825	16,492
Interest receivables on temporary advances and construction revenue	—	2,452
Miscellaneous	170,272	257,925
	<b>352,523</b>	459,619
Prepayments:		
Deductible input value-added tax	466,681	254,940
Prepaid income tax	—	7,847
Prepayments	138,053	98,610
	<b>604,734</b>	361,397
	<b>957,257</b>	821,016
Loss allowance	(110,447)	(134,406)
	<b>846,810</b>	686,610

The movement in the loss allowance for impairment of other receivables and prepayments is as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	134,406	134,406
Reversal of impairment losses (Note 9)	(23,959)	—
At end of year	<b>110,447</b>	134,406

The reversal of impairment losses was due to the receipt of other receivables for the year ended 31 December 2024.

(c) Amounts due from related companies

	2024 RMB'000	2023 RMB'000
Fellow subsidiaries under control of Shudao Investment		
Other receivables	95,307	134,972
Prepayments	1,258	1,681
Trade receivables	715	3,903
	<b>97,280</b>	140,556

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 23 TRADE AND OTHER RECEIVABLES (CONTINUED)

### 23.1 Accounting policies of impairment of financial assets

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

#### (i) *General approach*

The receivables that are not credit-impaired on initial recognition are classified in 'stage 1' and the expected credit losses are measured as 12-month expected credit losses. If a significant increase in credit risk of the receivables has occurred since initial recognition, the financial asset is moved to 'stage 2' but is not yet deemed to be credit impaired. The expected credit losses are measured as lifetime expected credit loss. If any financial asset is credit-impaired, it is then moved to 'stage 3' and the expected credit loss is measured as lifetime expected credit loss.

When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, including the nature and credit profile of the counterparty, the underlying causes of the overdue payment.

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

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

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

#### (ii) *Simplified approach*

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for the trade receivables without financing component. To measure the expected credit losses, the Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the credit profile, aging, external credit ratings and industry classification of different customers, as well as forward-looking adjustment factors including GDP and PPI at the end of each reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 24 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Non-current assets		
Investment in private equity fund	44,862	34,017
Current assets		
Investments in listed equity	491	366

The investment in private equity fund is measured at fair value through profit or loss. The listed equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

### 25 CASH AND BANK BALANCES AND RESTRICTED DEPOSITS

	2024 RMB'000	2023 RMB'000
Cash and cash equivalents	2,781,352	1,707,933
Time deposits with original maturity of:		
– less than three months	176,876	20,000
– more than three months	–	255,025
	2,958,228	1,982,958
Less: Restricted deposits	(972)	(128)
	2,957,256	1,982,830

Time deposits are made for periods of six months and three years and earn interest at the respective deposit rates. Except for time deposits, other bank balances earn interest at floating rates based on daily bank deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 25 CASH AND BANK BALANCES AND RESTRICTED DEPOSITS (CONTINUED)

At the end of the reporting period, cash and bank balances were denominated in the following currencies:

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
RMB	<b>2,958,219</b>	1,982,853
Hong Kong Dollars	<b>9</b>	105
	<b>2,958,228</b>	1,982,958

### 26 CONTRACT LIABILITIES

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Advance received from customers		
Sale of goods	<b>10,136</b>	14,338
Charging services	<b>1,096</b>	5,231
	<b>11,232</b>	19,569

Contract liabilities include advances received to deliver goods and to provide charging services.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 27 TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables (a)	202,673	123,638
Other payables (b)	2,506,527	2,590,364
Interest payables	–	72,061
Deferred income (c)	270,898	287,741
	2,980,098	3,073,804
Less: Non-current portion	(270,898)	(254,492)
Portion classified as current liabilities	2,709,200	2,819,312

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

	2024 RMB'000	2023 RMB'000
Within 3 months	154,566	94,402
3 to 6 months	12,510	13,475
6 to 12 months	5,236	2,787
Over 1 year	30,361	12,974
	202,673	123,638

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 27 TRADE AND OTHER PAYABLES (CONTINUED)

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

	2024 RMB'000	2023 RMB'000
Progress billing payables (i)	1,541,112	1,531,774
Payroll and welfare payables	328,462	335,539
Retention payables and deposits (ii)	257,296	271,416
Taxes and surcharge payables	93,102	74,714
Provisions for unpaid other taxes (iii)	27,590	27,590
Advances	22,159	14,913
Inter-network toll collection(iv)	–	32,804
Others	236,806	301,614
	<b>2,506,527</b>	<b>2,590,364</b>

(i) As at 31 December 2024, included in the progress billing payables, an amount of RMB1,133,287,000 (31 December 2023: RMB1,163,560,000) related to the construction of the Chengren Expressway BOT Project, Suiguang-Suixi Expressways BOT Project, the Chengle Expressway Expansion Construction Project, Tianqiong Expressway BOT Project and Rongcheng Second Ring Construction Project.

(ii) As at 31 December 2024, included in retention payables and deposits, an amount of RMB117,489,000 (31 December 2023: RMB155,500,000) related to the construction of the Chengren Expressway BOT Project, Suiguang-Suixi Expressways BOT Project, the Chengle Expressway Expansion Construction Project, Tianqiong Expressway BOT Project and Rongcheng Second Ring Construction Project.

(iii) The balance represented provision relating to unpaid value-added tax arising from the interest income generated from the loans to the controlling shareholder in prior years.

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

(c) Deferred income as at the end of the reporting period mainly include the following items:

	2024 RMB'000	2023 RMB'000
Government grants for Suiguang Expressway and Suixi Expressway BOT Project	90,318	92,095
Various deferred compensation income received in advance	74,781	80,884
Subsidy funds for demolishing the provincial boundary toll station	51,780	67,142
Management fee received in advance for operation of a bridge	22,150	30,205
Subsidy fund for Puxing logistics centre project	16,489	–
Longquan gas station demolition subsidy	6,786	6,786
Leasing income received in advance	5,517	6,621
Others	3,077	4,008
	<b>270,898</b>	<b>287,741</b>

Deferred income of the Group to be released to profit or loss after twelve months from 31 December 2024 with a total amount of RMB237,748,000 (31 December 2023: RMB254,492,000) has been recorded as a non-current liability.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 27 TRADE AND OTHER PAYABLES (CONTINUED)

- (d) Amounts due to related parties included in trade and other payables as at the end of the reporting period, which are on credit terms similar to those offered by independent major suppliers of the Group, are as follows:

	2024 RMB'000	2023 RMB'000
Fellow subsidiaries under control of Shudao Investment		
Advances	763	1,006
Trade payables	15,789	5,403
Other payables	1,026,542	995,207
	1,043,094	1,001,616
Road and Bridge International Co., Ltd ("Road and Bridge"), Minority investor of Sichuan Chengqiongya Expressway Company Limited		
Other payables	332,837	252,548
	1,375,931	1,254,164

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 28 INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024 RMB'000	2023 RMB'000
Current:		
Bank loans:		
Secured and guaranteed (a, d)	22,500	17,500
Secured (a)	1,043,049	1,056,549
Unsecured	1,261,800	1,232,850
Medium-term notes (b)	–	290,000
Other borrowings, guaranteed (d)	172,556	767,497
Lease liabilities	24,038	23,264
Interest accrued (e)	66,575	–
	<b>2,590,518</b>	3,387,660
Non-Current		
Bank loans:		
Secured and guaranteed (a, d)	9,051,500	9,074,000
Secured (a)	18,821,476	17,408,164
Unsecured	5,720,750	4,487,800
Medium-term notes (b)	100,000	1,000,000
Corporate bonds (c)	2,000,000	–
Other borrowings, guaranteed (d)	50,564	2,323,519
Lease liabilities	90,917	99,534
	<b>35,835,207</b>	34,393,017
	<b>38,425,725</b>	37,780,677

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 28 INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

Analysed into:

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Bank loans repayable:		
Within one year	<b>2,327,349</b>	2,306,899
In the second year	<b>2,146,429</b>	1,581,049
In the third to fifth years, inclusive	<b>8,620,127</b>	6,553,462
Beyond five years	<b>22,827,170</b>	22,835,453
	<b>35,921,075</b>	33,276,863
Medium-term notes repayable:		
Within one year	–	290,000
In the second year	<b>100,000</b>	–
In the third to fifth years, inclusive	–	1,000,000
	<b>100,000</b>	1,290,000
Corporate bonds repayable:		
In the third to fifth years, inclusive	<b>2,000,000</b>	–
	<b>2,000,000</b>	–
Other borrowings and lease liabilities repayable:		
Within one year	<b>196,594</b>	790,761
In the second year	<b>69,690</b>	1,102,061
In the third to fifth years, inclusive	<b>63,677</b>	1,299,377
Beyond five years	<b>8,114</b>	21,615
	<b>338,075</b>	3,213,814
Interest accrued	<b>66,575</b>	–
	<b>38,425,725</b>	37,780,677

At the end of the reporting period, all interest-bearing bank and other borrowings of the Group were denominated in RMB.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 28 INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

As at 31 December 2024, interest-bearing bank and other borrowings of RMB3,776,750,000 (31 December 2023: RMB4,400,850,000) are fixed rate.

As at 31 December 2024, the weighted average interest rate of bank loans and other borrowings is 3.55% (31 December 2023: 3.95%) per annum.

#### (a) Bank loans were secured by:

	2024 RMB'000	2023 RMB'000
Secured by concession rights of (Note 15):		
Chengle Expressway	7,569,720	6,719,230
Chengren Expressway	1,008,307	1,281,655
Tianqiong Expressway	5,476,498	4,053,828
Suiguang Expressway and Suixi Expressway	5,810,000	6,410,000
Second Ring (Western) Expressway	9,074,000	9,091,500
	<b>28,938,525</b>	<b>27,556,213</b>

#### (b) Medium-term notes

As at 31 December 2024, the Company had one (31 December 2023: two) tranches of outstanding medium-term notes totalling RMB100,000,000 (31 December 2023: RMB1,290,000,000) issued to domestic institutional investors participating in the PRC interbank debt market. The coupon rate for the medium-term notes is 2.07% (31 December 2023: 3.49% to 6.30%) per annum. The medium-term notes were issued at a par value of RMB100 per unit and will be repaid in May 2026 with an original maturity period of five years.

#### (c) Corporate bonds

As at 31 December 2024, the Company had corporate bonds of RMB2,000,000,000. The coupon rate for these corporate bonds is 2.30% per annum. These corporate bonds were issued at a par value of RMB100 per unit. These corporate bonds will be repaid in May 2029, with an original maturity period of five years with issuer's redeem option and investor's putback option in the end of the third year.

## 28 INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

### (d) Bank loans were guaranteed by:

As at 31 December 2024, the bank loans of RMB9,074,000,000 (31 December 2023: RMB9,091,500,000) were guaranteed by Shudao Investment (Note 34).

As at 31 December 2024, the other borrowings of RMB223,120,000 (31 December 2023: RMB3,091,016,000) were guaranteed by Shudao Investment (Note 34).

### (e) Interest accrued

The balance as at 31 December 2024 consisted of interest accrued in respect of medium-term notes, corporate bonds and interest-bearing bank and the other borrowings of RMB1,248,000, RMB28,239,000 and RMB37,088,000, respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 29 ISSUED CAPITAL

	2024 RMB'000	2023 RMB'000
<b>Issued and fully paid:</b>		
A Shares of 2,162,740,000 (2023: 2,162,740,000) of RMB1.00 each	<b>2,162,740</b>	2,162,740
H Shares of 895,320,000 (2023: 895,320,000) of RMB1.00 each	<b>895,320</b>	895,320
	<b>3,058,060</b>	3,058,060

The H Shares have been issued and listed on the main board of the Hong Kong Stock Exchange since October 1997 and the A Shares have been listed on the Shanghai Stock Exchange since July 2009.

All A and H Shares rank pari passu with each other in terms of dividend and voting rights.

## 30 RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

### (a) Statutory surplus reserve

In accordance with the Company Law of the PRC and the respective articles of association of the Company, its subsidiaries, joint ventures and associates, the Company, its subsidiaries, joint ventures and associates are required to allocate 10% of their profits after tax, as determined in accordance with Generally Accepted Accounting Principles of the People's Republic of China ("PRC GAAP"), to the statutory surplus reserve (the "SSR") until this reserve reaches 50% of the registered capital of the Company, its subsidiaries and associates. Subject to certain restrictions set out in the Company Law of the PRC and the respective articles of association of the Company, its subsidiaries and associates, part of the SSR may be converted to increase the share capital of the Company, its subsidiaries and associates, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

### 30 RESERVES (CONTINUED)

#### (b) Merger difference

The merger difference of the Group is resulted from the preparation of the Group's consolidated financial statements. The merger differences consisted of: (a) the difference calculated by the consideration paid for the acquisition of Chengle Company netting off the nominal value of the paid-in capital of Chengle Company attributable to the then owners of Chengle Company, and (b) the difference calculated by the consideration paid for the acquisition of Rongcheng Second Ring Company netting off the nominal value of the paid-in capital and capital reserve of Rongcheng Second Ring Company attributable to the then owners of Rongcheng Second Ring Company.

#### (c) Safety fund reserve

Pursuant to the Notice regarding Safety Production Expenditure jointly issued by the Ministry of Finance and the State Administration of Work Safety of the PRC, the Group is required to establish the safety fund surplus reserve based on construction revenue and revenue of sales of refined oil recognised in previous years. The safety fund can only be transferred to retained profits to offset safety related expenses as and when they are incurred, including expenses related to safety protection facilities and equipment improvement and maintenance as well as safety production inspection, appraisal, consultation and training.

#### (d) Other equity instruments

As at 27 December 2024, as approved by the National Association of Financial Market Institutional Investors of China, the Company issued a perpetual medium-term note with an initial interest rate of 2.06%, namely 24 Chengdu-Chongqing Expressway MTN001.

The actual net proceeds from the perpetual medium-term note was RMB999,900,000. The perpetual medium-term note has no fixed maturity dates and the Company has an option to redeem at principal amounts plus any accrued interest on the second interest payment date or any interest payment date afterwards.

The interest rate for the perpetual medium-term note is fixed in the first 2 years and will be repriced every 2 years. The repriced interest rate is determined as the sum of the current base rate and the initial spread plus 300bp. The current base rate is defined as the average yield of 5 years treasury from the interbank fixed rate bond yield curve published on China Bond webpage 5 working days before the adjustment.

The Group has the option to defer interest payment, except in the event of mandatory interest payments, so that at each interest payment date, the Group may choose to defer the interest payment to the next payment date for the current period as well as all interest and accreted interest already deferred, without being subject to any limitation with respect to the number of deferrals. Of which, mandatory interest payment events are limited to dividend distributions to ordinary equity holders and reductions of registered capital, which can be controlled by the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 30 RESERVES (CONTINUED)

### (d) Other equity instruments (Continued)

As at 31 December 2024, the Company issued a perpetual instrument with an initial interest rate of 3.2% and the actual net proceeds was RMB10,000,000,000. The perpetual instrument has no fixed maturity dates and the Company has an option to redeem at principal amounts plus any accrued interest on the second interest payment date or any interest payment date afterwards.

The interest rate for the perpetual instrument is fixed in the first 3 years and will be repriced every year after that. The repriced interest rate is determined as the sum of the current base rate plus 300bp. The highest limitation of the interest rate is 6.2%.

The Group has the option to defer interest payment, except in the event of mandatory interest payments, so that at each interest payment date, the Group may choose to defer the interest payment to the next payment date for the current period as well as all interest and accreted interest already deferred, without being subject to any limitation with respect to the number of deferrals. Of which, mandatory interest payment events are limited to dividend distributions to ordinary equity holders, reductions of registered capital and legally liquidation of the Group, which can be controlled by the Group.

The perpetual medium-term note and perpetual instrument issued by the Company are classified as equity instruments and presented under equity in the Group's statement of financial position.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 31 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

<b>Financial assets</b>	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Financial assets at amortised cost		
Trade receivables	<b>1,557,853</b>	1,866,340
Other financial assets at amortised cost	<b>529,399</b>	734,644
Cash and bank balances	<b>2,957,256</b>	1,982,830
Restricted deposits	<b>972</b>	128
Financial assets at FVOCI	<b>296,105</b>	87,769
Financial assets at FVTPL	<b>45,353</b>	34,383
	<b>5,386,938</b>	4,706,094
<b>Financial liabilities</b>	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Liabilities at amortised cost		
Trade and other payables*	<b>2,709,200</b>	2,714,002
Bank borrowings and other borrowings	<b>38,310,770</b>	37,657,879
Lease liabilities	<b>114,955</b>	122,798
	<b>41,134,925</b>	40,494,679

\* Excluding non-financial liabilities.

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 32 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

#### (a) Major non-cash transactions

During the year, The Group had non-cash additions to right-of-use assets and lease liabilities of RMB18,424,000 (2023: RMB24,426,000) and RMB18,424,000 (2023: RMB24,426,000), respectively, in respect of lease arrangements for office buildings.

#### (b) Changes in liabilities arising from financing activities

Year ended 31 December 2024

	Bank and other borrowings (including interest payable) RMB'000	Lease liabilities RMB'000	Dividends payables RMB'000
<b>At 1 January 2024</b>	<b>37,729,940</b>	<b>122,798</b>	<b>–</b>
Changes from financing cash flows	<b>(817,965)</b>	<b>(32,104)</b>	<b>(790,345)</b>
New leases ( <i>Note 16</i> )	–	<b>18,448</b>	–
Interest expense	<b>846,119</b>	<b>5,813</b>	–
Interest capitalised ( <i>Note 8</i> )	<b>552,676</b>	–	–
Foreign exchange movement	–	–	<b>2,616</b>
Dividends declared	–	–	<b>788,044</b>
<b>At 31 December 2024</b>	<b>38,310,770</b>	<b>114,955</b>	<b>315</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 32 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

#### (b) Changes in liabilities arising from financing activities (Continued)

##### Year ended 31 December 2023

	Bank and other borrowings (including interest payable) RMB'000	Lease liabilities RMB'000	Dividends payable RMB'000	Due to the controlling shareholder RMB'000
At 1 January 2023	31,888,203	134,052	–	103,877
Changes from financing cash flows	4,463,938	(39,161)	(377,888)	(103,725)
Changes from operating cash flows	–	–	–	(152)
New leases (Note 16)	–	26,144	–	–
Termination leases (Note 16)	–	(4,574)	–	–
Interest expense	931,532	6,337	–	–
Interest capitalised (Note 8)	446,267	–	–	–
Foreign exchange movement	–	–	1,783	–
Dividends declared	–	–	376,105	–
At 31 December 2023	37,729,940	122,798	–	–

#### (c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Within operating activities	<b>3,452</b>	3,166
Within financing activities	<b>32,104</b>	39,161
	<b>35,556</b>	42,327

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 33 COMMITMENTS

	2024 RMB'000	2023 RMB'000
Contracted, but not provided for:		
Construction	500,483	431,122
Property, plant and equipment	34,314	90,107
Service concession arrangements	4,418,271	9,030,948
	4,953,068	9,552,177

## 34 RELATED PARTY TRANSACTIONS

### (a) Parent entities

The Group is controlled by the following entity:

Name	Type	Place of incorporation	Ownership interest	
			2024	2023
Shudao Investment	Controlling Shareholder	China	39.86%	39.86%

### (b) Subsidiaries

Interests in subsidiaries are set out in Note 1.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 34 RELATED PARTY TRANSACTIONS (CONTINUED)

### (c) Transactions with other related parties

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the year:

- (i) For the year ended 31 December 2024, the aggregate service fee payable to Sichuan Zhineng Transportation System Management Company Limited, a fellow subsidiary under control of Shudao Investment, in relation to the provision of a computer system of the highway toll fee collection networks and the supportive technological services to the Group amounted to RMB19,241,000 (2023: RMB18,850,000). The fee was determined based on a service charge of 0.4% of toll income or RMB35,000,000 per annum, whichever is lower.
- (ii) For the year ended 31 December 2024, fellow subsidiaries under control of Shudao Investment were engaged by the Group to provide construction and maintenance works. The prices of such works are usually determined through public tender and bidding process. Construction and maintenance costs recognised by the Group for such services aggregated RMB1,311,538,000 (2023: RMB1,251,590,000).
- (iii) For the year ended 31 December 2024, a fellow subsidiary under control of Shudao Investment was engaged by the Group to provide property management services. Property management services costs recognised by the Group for such services during the year aggregated RMB25,045,000 (2023: RMB13,812,000). The directors consider that the amount paid for the property management services from a related company was determined based on prices similarly available to the related party's third-party customers.
- (iv) For the year ended 31 December 2024, Road and Bridge provided construction service for Tianqiong Expressway BOT Project. Construction cost recognised by the Group for such services during the Period amounted to approximately RMB1,115,942,000 (2023: RMB2,088,769,000). The directors consider that the amount paid for the construction services from a related company was determined based on prices similarly available to the related party's third-party customers.
- (v) For the year ended 31 December 2024, the Group purchased refined oil products aggregating to approximately RMB1,396,172,000 (2023: RMB1,024,430,000) from Sichuan sales branches of PetroChina Company Limited, a non-controlling shareholder of a subsidiary within the Group. The prices were determined by adding transportation fee to the selling price of the refined oil by reference to market price.
- (vi) For the year ended 31 December 2024, the Group purchased refined oil products aggregating to approximately RMB327,394,000 (2023: RMB197,891,000) from a subsidiary of Sinochem Oil Sales Company Limited, the holding company of a non-controlling shareholder of a subsidiary within the Group. The prices were determined by market wholesale price.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 34 RELATED PARTY TRANSACTIONS (CONTINUED)

### (c) Transactions with other related parties (Continued)

- (vii) For the year ended 31 December 2024, the Group purchased certain charging station assets, from Sichuan Shujiao New Energy Co., Ltd., an indirect subsidiary of Shudao Investment, for an aggregate cash consideration of RMB69,949,000. The directors considered the consideration was determined after arm's length negotiation with reference to the market value appraised by Beijing North Asia Asset Assessment Firm (Special General Partnership), an independent qualified valuer.
- (viii) For the year ended 31 December 2023, the Group acquired 81% and 19% equity interests in Rongcheng Second Ring Company from Sichuan Shudao Expressway Group Co., Ltd. ("Shudao Expressway") and Sichuan Road & Bridge (Group) Corporation Ltd. for an aggregate consideration of RMB5,903,000,000. The directors considered the consideration of acquisition was determined after arm's length negotiation with reference to the market value appraised by Beijing North Asia Asset Assessment Firm (Special General Partnership), an independent qualified valuer.

### (d) Loans to/from related parties

Details of interest-bearing loans provided to/(collected from) related parties:

	2024 RMB'000	2023 RMB'000
Collection of loans from:		
Shudao Investment (i)	–	(2,200,000)
Shudao Expressway (ii)	–	(250,000)
	–	(2,450,000)
Interest income from:		
Shudao Investment (i)	–	28,475
Shudao Expressway (ii)	–	1,868
Funds under centralised management (iii)	–	115
	–	30,458

### 34 RELATED PARTY TRANSACTIONS (CONTINUED)

#### (d) Loans to/from related parties (Continued)

- (i) On 8 June 2016, Rongcheng Second Ring Company provided a loan of RMB1,700,000,000 to Shudao Investment with instalment repayments of RMB170,000,000, RMB340,000,000, RMB510,000,000 and RMB680,000,000 on the respective maturity dates of 8 June 2023, 8 June 2024, 8 June 2025 and 8 June 2026. On 22 February 2017, Rongcheng Second Ring Company provided a loan of RMB800,000,000 to Shudao Investment with instalment repayments of RMB80,000,000, RMB160,000,000, RMB240,000,000 and RMB320,000,000 on the respective maturity dates of 22 February 2024, 22 February 2025, 22 February 2026 and 8 June 2026. On 16 March 2020 and 7 April 2023, an aggregate amount of RMB300,000,000 and RMB2,200,000,000 was early repaid by Shudao Investment, respectively.

The above-mentioned loans provided to Shudao Investment bear interest at the rate of 5.15% per annum.

The directors are of the view that interest charged to Shudao Investment has been determined according to the borrowing agreements by reference to the prevailing interest rate of similar bank loans.

- (ii) On 17 June 2022 and 11 October 2022, Rongcheng Second Ring Company provided loans of RMB300,000,000 and RMB150,000,000 to Shudao Expressway for a term of one year and six months, respectively, at annual interest rate of 3.10%. Interest thereof shall be paid on a quarterly basis and the principal shall be repaid in one lump sum upon maturity. On 28 December 2022, 17 March 2023 and 7 April 2023, an aggregate amount of RMB200,000,000, RMB10,000,000 and RMB240,000,000 was early repaid by Shudao Expressway, respectively. The directors are of the view that interest charged to Shudao Expressway has been determined according to the borrowing agreements by reference to the prevailing interest rate of similar bank loans.
- (iii) The controlling shareholder sets up a group cash pool bank account to centrally manage working capital of entities within the Group. Before the acquisition, Rongcheng Second Ring Company's deposits in the group cash pool bank account bear the same interest rate as demand bank deposit.

#### (e) Guarantee by related parties

- (i) As at 31 December 2024, the bank loans of RMB9,074,000,000 (31 December 2023: RMB9,091,500,000) were guaranteed by Shudao Investment (Note 28).
- (ii) As at 31 December 2024, the other borrowings of RMB223,120,000 (31 December 2023: RMB3,091,016,000) were guaranteed by Shudao Investment (Note 28).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 34 RELATED PARTY TRANSACTIONS (CONTINUED)

#### (f) Key management personnel compensation

	2024 RMB'000	2023 RMB'000
Fees	320	320
Other emoluments:		
Salaries, allowances, and benefits in kind	4,670	4,890
Pension scheme contributions	303	280
Supplementary pension scheme contributions	382	414
	<b>5,355</b>	5,584

Further details of directors' emoluments are included in Note 10 to the financial statements.

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

The related party transactions in respect of Note 34(c) (i), (ii) and (iii) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

### 35 CONTINGENT LIABILITIES

At 31 December 2024, the Group did not have any material contingent liabilities.

## 36 SUMMARY OF OTHER ACCOUNTING POLICIES

### 36.1 Principles of consolidation and equity accounting

#### (i) **Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date when control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

#### (ii) **Associates**

Associates are all entities over which the Group has significant influence but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

#### (iii) **Joint ventures**

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 36 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

#### 36.1 Principles of consolidation and equity accounting (Continued)

##### **(iv) Equity method**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

##### **(v) Changes in ownership interests**

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

## 36 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

### 36.2 Investment and other financial assets

#### (a) *Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to present subsequent changes in fair value in other comprehensive income.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

#### (b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all of the risks and rewards of ownership.

#### (c) *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

##### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

## 36 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

### 36.2 Investment and other financial assets(continued)

#### (c) *Measurement(continued)*

- Amortised cost: assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.
- FVOCI: assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss and other comprehensive income.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

#### *Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss and other comprehensive income as applicable.

## 36 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

### 36.2 Investment and other financial assets(continued)

#### **(d) Impairment**

The Group assesses on a forward-looking basis the ECLs associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk, see Note 23 for further details.

### 36.3 Financial liabilities

#### **(a) Initial recognition and measurement**

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

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

The Group's financial liabilities include trade and other payables and interest-bearing bank and other borrowings.

#### **(b) Subsequent measurement**

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

- Financial liabilities at amortised cost (trade and other payables, and borrowings)

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 36 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

### 36.3 Financial liabilities (Continued)

#### **(c) Derecognition of financial liabilities**

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.

### 36.4 Offsetting of financial instruments

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

### 36.5 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

## 36 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

### 36.6 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

#### *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and it considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on either the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

#### *Deferred income tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 36 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

#### 36.7 Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### 36.8 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

#### 36.9 Provisions

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

#### 36.10 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of asset and released to profit or loss by way of a reduced depreciation charge.

## 36 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

### 36.11 Employee benefits

#### *Defined contribution pension scheme*

In accordance with the state regulations of the PRC, the Group participates in a defined contribution pension scheme. All retired employees are entitled to an annual pension equivalent to a fixed proportion of the average basic salary amount within the geographical area of their last employment at their retirement date. During the year, the Group was required to make contributions to a local social security bureau at a rate of 16% of the employees' salaries or wages of the current year, up to an amount equivalent to three times the employees' average salaries of the prior year within the geographical area where the employees are employed. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

#### *Supplementary defined contribution pension scheme*

In addition, on 1 January 2007, a supplementary defined contribution pension scheme managed by an independent financial institution was established. Under the plan, the Group makes a monthly defined contribution to certain qualified employees at certain rates of the qualified employees' salaries or wages of the prior year. There were no vested benefits attributable to past service upon the adoption of the plan. The contributions under the supplementary defined contribution pension scheme are charged to profit or loss as incurred.

#### *Housing fund*

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 37 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Notes	2024 RMB'000	2023 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		299,971	331,291
Service concession arrangements		7,074,037	7,625,610
Right-of-use assets		127,576	159,514
Investments in subsidiaries		15,292,493	14,592,494
Investments in joint ventures		27,287	27,287
Investments in associates		37,122	37,122
Equity investments designated at fair value through other comprehensive income		42,841	31,914
Deferred tax assets		28,616	38,158
Restricted deposits		91	90
<b>Total non-current assets</b>		<b>22,930,034</b>	<b>22,843,480</b>
<b>Current assets</b>			
Inventories		197	197
Trade and other receivables		64,573	97,916
Due from subsidiaries		10,139,979	8,240,093
Cash and bank balances		2,199,665	1,532,991
<b>Total current assets</b>		<b>12,404,414</b>	<b>9,871,197</b>
<b>Current liabilities</b>			
Tax payable		43,625	31,270
Trade and other payables		632,894	708,310
Contract liabilities		–	2,946
Interest-bearing bank and other borrowings		1,570,122	1,795,957
Dividend payable		315	–
Due to subsidiaries		2,289,896	4,189,886
<b>Total current liabilities</b>		<b>4,536,852</b>	<b>6,728,369</b>
<b>Net current assets</b>		<b>7,867,562</b>	<b>3,142,828</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

## 37 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Information about the statement of financial position of the Company at the end of the reporting period is as follows: (Continued)

	Notes	2024 RMB'000	2023 RMB'000
<b>Total assets less current liabilities</b>		<b>30,797,596</b>	25,986,308
<b>Non-current liabilities</b>			
Interest-bearing bank and other borrowings		<b>8,593,176</b>	6,543,081
Deferred income		<b>50,393</b>	73,586
<b>Total non-current liabilities</b>		<b>8,643,569</b>	6,616,667
<b>Net assets</b>		<b>22,154,027</b>	19,369,641
<b>Equity</b>			
Issued capital		<b>3,058,060</b>	3,058,060
Reserves	(a)	<b>19,095,967</b>	16,311,581
<b>Total equity</b>		<b>22,154,027</b>	19,369,641

**Luo Zuyi**  
Director

**You Zhiming**  
Director

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

### 37 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

(a) A summary of the Company's reserves is as follows:

	Share premium account	Surplus reserve	Other equity instruments	Retained profits	Fair value reserve of equity investments designated at fair value through other comprehensive income	Difference arising from the acquisition of non-controlling interests	Total
<b>Balance at 1 January 2023</b>	2,654,601	6,370,643	-	6,500,419	(13,644)	(244,529)	15,267,490
Profit for the year	-	-	-	1,351,944	-	-	1,351,944
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	(2,047)	-	(2,047)
Total comprehensive income for the year	-	-	-	1,351,944	(2,047)	-	1,349,897
Transfer to/(from) reserves	-	135,416	-	(135,416)	-	-	-
Dividends declared to shareholders	-	-	-	(305,806)	-	-	(305,806)
<b>At 31 December 2023 and 1 January 2024</b>	<b>2,654,601</b>	<b>6,506,059</b>	<b>-</b>	<b>7,411,141</b>	<b>(15,691)</b>	<b>(244,529)</b>	<b>16,311,581</b>
Profit for the year	-	-	-	1,509,452	-	-	1,509,452
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	9,283	-	9,283
Total comprehensive income for the year	-	-	-	1,509,452	9,283	-	1,518,735
Transfer to/(from) reserves	-	151,295	-	(151,295)	-	-	-
Equity entitled to holders of other equity instruments	-	-	315	(315)	-	-	-
Issue of perpetual bonds	-	-	1,999,900	-	-	-	1,999,900
Dividends declared to shareholders	-	-	-	(734,249)	-	-	(734,249)
<b>Balance at 31 December 2024</b>	<b>2,654,601</b>	<b>6,657,354</b>	<b>2,000,215</b>	<b>8,034,734</b>	<b>(6,408)</b>	<b>(244,529)</b>	<b>19,095,967</b>

### 38 APPROVAL OF THE FINANCIAL INFORMATION

The financial statements were approved and authorised for issue by the Board on 28 March 2025.