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**四川成渝高速公路股份有限公司**  
**Sichuan Expressway Company Limited\***

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

(Stock Code: 00107)

**2022 INTERIM RESULTS ANNOUNCEMENT**

The Board of the Company is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2022, together with the comparative figures for the corresponding period in 2021 as follows (the data herein are presented in RMB except where otherwise indicated).

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

*For the six months ended 30 June 2022*

		<b>For the six months ended 30 June</b>	
		<b>2022</b>	2021
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>REVENUE</b>	4	<b>4,085,534</b>	4,022,892
Cost of sales		<u><b>(3,148,383)</b></u>	<u>(2,738,034)</u>
Gross profit		<b>937,151</b>	1,284,858
Other income and gains	4	<b>116,936</b>	92,112
Administrative expenses		<b>(157,704)</b>	(160,803)
Other expenses		<b>(9,429)</b>	(20,372)
Finance costs	5	<b>(229,354)</b>	(299,790)
Share of profits and losses of:			
Joint ventures		<b>4,263</b>	4,991
Associates		<u><b>12,370</b></u>	<u>10,141</u>
<b>PROFIT BEFORE TAX</b>	6	<b>674,233</b>	911,137
Income tax expense	7	<u><b>(146,613)</b></u>	<u>(179,477)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>527,620</b></u>	<u>731,660</u>
Attributable to:			
Owners of the Company		<b>485,663</b>	673,714
Non-controlling interests		<u><b>41,957</b></u>	<u>57,946</u>
		<u><b>527,620</b></u>	<u>731,660</u>

		<b>For the six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>			
Other comprehensive income/(loss) that will not to be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		<b>(2,888)</b>	12,997
Income tax effect		<b>935</b>	(1,609)
		<u>                    </u>	<u>                    </u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>			
		<b>(1,953)</b>	11,388
		<u>                    </u>	<u>                    </u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>			
		<b>525,667</b>	743,048
		<u>                    </u>	<u>                    </u>
Attributable to:			
Owners of the Company		<b>483,917</b>	684,898
Non-controlling interests		<b>41,750</b>	58,150
		<u>                    </u>	<u>                    </u>
		<b>525,667</b>	743,048
		<u>                    </u>	<u>                    </u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
– Basic and diluted	8	<b>RMB0.159</b>	RMB0.220
		<u>                    </u>	<u>                    </u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

		30 June 2022	31 December 2021
	<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(Unaudited)</b>	
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	<b>681,538</b>	710,177
Right-of-use assets	9	<b>341,794</b>	366,747
Service concession arrangements	9	<b>30,476,674</b>	29,368,853
Investments in joint ventures	10	<b>129,505</b>	137,169
Investments in associates	11	<b>300,228</b>	305,001
Equity investments designated at fair value through other comprehensive income	12	<b>446,167</b>	449,055
Loans to customers		<b>1,239,780</b>	1,419,757
Long term compensation receivables		–	3,351
Payments in advance		<b>586,534</b>	550,980
Contract assets		<b>31,000</b>	31,000
Deferred tax assets		<b>15,677</b>	15,738
Restricted deposits		<b>40</b>	38
Goodwill		<b>7,583</b>	–
<b>Total non-current assets</b>		<b><u>34,256,520</u></b>	<b><u>33,357,866</u></b>
<b>CURRENT ASSETS</b>			
Inventories		<b>89,440</b>	63,069
Loans to customers		<b>1,270,225</b>	1,382,359
Trade and other receivables	13	<b>2,075,066</b>	2,004,388
Financial assets at fair value through profit or loss		<b>398</b>	417
Restricted deposits		<b>7,796</b>	2,328
Cash and cash equivalents		<b>2,888,627</b>	3,837,070
<b>Total current assets</b>		<b><u>6,331,552</u></b>	<b><u>7,289,631</u></b>

		<b>30 June 2022</b>	31 December 2021
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	
<b>CURRENT LIABILITIES</b>			
Tax payable		<b>93,414</b>	119,012
Trade and other payables	14	<b>1,644,618</b>	1,841,903
Dividend payables		<b>120,222</b>	–
Interest-bearing bank and other borrowings	15	<b>2,349,753</b>	1,469,173
Derivative financial instruments		<b>1,327</b>	2,548
<b>Total current liabilities</b>		<b>4,209,334</b>	3,432,636
<b>NET CURRENT ASSETS</b>		<b>2,122,218</b>	3,856,995
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>36,378,738</b>	37,214,861
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	15	<b>17,564,792</b>	18,513,140
Deferred tax liabilities		<b>7,667</b>	12,995
Deferred income	14	<b>226,464</b>	240,265
<b>Total non-current liabilities</b>		<b>17,798,923</b>	18,766,400
<b>Net assets</b>		<b>18,579,815</b>	18,448,461
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital		<b>3,058,060</b>	3,058,060
Reserves		<b>14,454,462</b>	14,306,935
		<b>17,512,522</b>	17,364,995
<b>Non-controlling interests</b>		<b>1,067,293</b>	1,083,466
<b>Total equity</b>		<b>18,579,815</b>	18,448,461

## 1. CORPORATE INFORMATION

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

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

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

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

### 2.1 BASIS OF PREPARATION

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

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

- (a) Amendments to HKFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the Period, the amendments did not have any impact on the financial position and performance of the Group.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations as of 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

*HKFRS 9 Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

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



### 3. OPERATING SEGMENT INFORMATION

#### For the six months ended 30 June 2022

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

#### For the six months ended 30 June 2021

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

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

30 June 2022

	Toll roads and bridges <i>RMB'000</i> (Unaudited)	City operation <i>RMB'000</i> (Unaudited)	Financial investment <i>RMB'000</i> (Unaudited)	Energy investment <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>SEGMENT ASSETS</b>	<b>32,121,634</b>	<b>1,999,703</b>	<b>2,792,183</b>	<b>306,942</b>	<b>1,322</b>	<b>37,221,784</b>
<b><u>Reconciliation:</u></b>						
Equity investments designated at fair value through other comprehensive income						446,167
Goodwill						7,583
Deferred tax assets						15,677
Financial assets at fair value through profit or loss						398
Restricted deposits						7,836
Cash and cash equivalents						<u>2,888,627</u>
<b>Total assets</b>						<b><u>40,588,072</u></b>
<b>SEGMENT LIABILITIES</b>	<b>18,498,657</b>	<b>1,331,176</b>	<b>1,988,197</b>	<b>66,504</b>	<b>2,174</b>	<b>21,886,708</b>
<b><u>Reconciliation:</u></b>						
Financial liabilities at fair value through profit or loss						1,327
Dividend payables						<u>120,222</u>
<b>Total liabilities</b>						<b><u>22,008,257</u></b>

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

31 December 2021

	Toll roads and bridges <i>RMB'000</i> (Unaudited)	City operation <i>RMB'000</i> (Unaudited)	Financial investment <i>RMB'000</i> (Unaudited)	Energy investment <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>SEGMENT ASSETS</b>	31,002,736	2,012,060	3,093,542	232,549	1,964	36,342,851
<b><u>Reconciliation:</u></b>						
Equity investments designated at fair value through other comprehensive income						449,055
Financial assets at fair value through profit or loss						417
Deferred tax assets						15,738
Restricted deposits						2,366
Cash and cash equivalents						<u>3,837,070</u>
<b>Total assets</b>						<b><u><u>40,647,497</u></u></b>
<b>SEGMENT LIABILITIES</b>	19,348,857	1,357,812	1,425,985	62,234	1,600	22,196,488
<b><u>Reconciliation:</u></b>						
Financial liabilities at fair value through profit or loss						<u>2,548</u>
<b>Total liabilities</b>						<b><u><u>22,199,036</u></u></b>

#### 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

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

#### 4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

For the six months ended 30 June 2022

##### Segments

	Toll roads and bridges <i>RMB'000</i> (Unaudited)	City operation <i>RMB'000</i> (Unaudited)	Energy investment <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>Types of goods or services</b>				
Toll income	1,592,973	–	–	1,592,973
Construction services	–	1,381,960	–	1,381,960
Sale of industrial products	–	23,647	960,169	983,816
Others	–	31,149	–	31,149
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>1,592,973</u>	<u>1,436,756</u>	<u>960,169</u>	<u>3,989,898</u>

##### Geographical market

Revenues under HKFRS 15 are all generated in Mainland China.

##### Timing of revenue recognition

Goods transferred at a point in time	1,592,973	54,796	960,169	2,607,938
Services transferred over time	–	1,381,960	–	1,381,960
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>1,592,973</u>	<u>1,436,756</u>	<u>960,169</u>	<u>3,989,898</u>

#### 4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

For the six months ended 30 June 2021

##### Segments

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

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

##### Geographical market

Revenues under HKFRS 15 are all generated in Mainland China.

##### Timing of revenue recognition

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

#### 4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

An analysis of other income and gains is as follows:

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

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

## 5. FINANCE COSTS

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



## 6. PROFIT BEFORE TAX

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

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

## 7. INCOME TAX

The major components of income tax expense are as follows:

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charged for the period	146,822	182,861
Underprovision/(overprovision) in prior years	4,123	(1,559)
Deferred	<u>(4,332)</u>	<u>(1,825)</u>
Total tax charge for the Period	<u><b>146,613</b></u>	<u><b>179,477</b></u>

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

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

Pursuant to the Circular on Issues Announcement on the Continuation of Cai Shui [2011] No. 58 for Western Development Strategies of the State Administration of Taxation (《關於繼續印發國家稅務總局關於西部大開發的財稅[2011]58號問題的通知》), 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.”

## **7. INCOME TAX (CONTINUED)**

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

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

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

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

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

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

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

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

*Notes:*

- (a) At 30 June 2022 and 31 December 2021, the concession rights pertaining to certain expressways with net carrying amounts listed below were pledged to secure bank loans granted to the Group (*note 15 (a)*):

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

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

*Notes: (continued)*

- (b) During the Period, the Group was undertaking the Chengle Expressway Expansion Construction Project, Tianqiong Expressway Build-Operate-Transfer (“**BOT**”) Project and Chengya Oil Company Meishan Gas Station Construction Project. Total cost of RMB1,516,148,000 (six months ended 30 June 2021: RMB1,014,567,000), including construction costs of RMB1,364,575,000 and borrowing costs of RMB151,573,000 were incurred, among which RMB1,364,575,000 (six months ended 30 June 2021: RMB932,307,000) was sub-contracted to third party subcontractors.
- (c) Construction revenue of RMB1,364,575,000 (six months ended 30 June 2021: RMB932,307,000) was recognised in respect of the construction services provided by the Group for the Chengle Expressway Expansion Construction Project, Tianqiong Expressways BOT Project and Chengya Oil Company Meishan Gas Station Construction Project by using the input method during the Period. Construction revenue was included in the additions to service concession arrangements which should be amortised upon the Group is granted the rights to charge the users under the service concession arrangements of the abovementioned projects.
- (d) Additions to service concession arrangements during the Period include interest capitalised in respect of bank loans amounting to RMB151,573,000 (six months ended 30 June 2021: RMB82,260,000) (note 5).

## 10. INVESTMENTS IN JOINT VENTURES

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

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

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

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

## 11. INVESTMENTS IN ASSOCIATES

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

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

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

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

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

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

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

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.



### 13. TRADE AND OTHER RECEIVABLES

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

### 13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

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

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

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

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

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

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

### 13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

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

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

## 14. TRADE AND OTHER PAYABLES

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

## 14. TRADE AND OTHER PAYABLES (CONTINUED)

Notes:

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

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

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

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

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

## 15. INTEREST-BEARING BANK AND OTHER BORROWINGS

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

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

## 15. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

Notes:

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

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

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

## 16. DIVIDENDS

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

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

## RESULTS

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

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



## BUSINESS REVIEW AND ANALYSIS

### 1. Data on operation of the toll roads and bridges business of the Group

Data on operation of the toll roads and bridges business of the Group during the Reporting Period is as follows:

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

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

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

## **(1) Economic factors**

In the first half of 2022, China's economy witnessed the steady and sound growth momentum, and the fundamentals of long-term positive growth remained unchanged. The country's gross domestic product (GDP) reached RMB56,264.2 billion, representing a year-on-year increase of 2.5%<sup>1</sup> at comparable prices. Sichuan Province achieved a GDP of RMB2,617.647 billion, up 2.8%<sup>2</sup> year-on-year. The province's economy has moved forward under pressure, the policy hedging effect has shown up, and the developmental resilience has increased. In the first half of 2022, COVID-19 still affected the traffic flow and vehicle tolls to a great extent. Local cases have spread in Chengdu in February 2022 and Linshui County in Guang'an in mid- and early May 2022, respectively, resulting in a reduction in vehicle travel and a decrease in expressway traffic flow. Faced with a more complex and severe macro environment and the impact of frequent pandemic, the Group's overall toll income (before deduction of turnover taxes) decreased by 11.68% year on year in the first half of 2022.

## **(2) Policy factors**

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

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

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

### **(3) Road network changes and road construction**

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

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

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

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

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

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

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

On 18 March 2022, Chengdu Tianfu International Airport Expressway started to charge tolls. The base price of the toll was higher than that of Chengren Expressway. The traffic flow from Chengdu to first, second and third detours and the vicinity of Renshou East Station returned, promoting the traffic flow across the line to rebound. However, in light of the convenience to enter the first, second and third detours from the Chengdu Tianfu International Airport Expressway and direct accessible to Tianfu New District, and that the whitelisted vehicles were still subject to toll concession policy after the Chengdu Tianfu International Airport Expressway started to charge tolls, the traffic volume of the expressway was still relatively high, so that the return effect of the whole line in a short period was not as good as expected, and the impact on the diversion of Chengren Expressway was still relatively obvious.

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

## **2. Major financing and investment projects, major acquisitions and disposals of the Group**

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

The proposal in respect of investment in the expansion construction of Chengle Expressway and relevant matters was considered and approved at the extraordinary general meeting of the Company held on 30 October 2017. According to the opinion on approval of the project from the Ministry of Transport, the total mileage of the project was 130 km, and the estimated total investment was approximately RMB22.16 billion. According to the Reply on Adjustment to the Approval of the Chengdu to Leshan Expressway Expansion Construction Project issued by the Sichuan Provincial Development and Reform Commission (Chuan Fa Gai Ji Chu[2022] No. 298) (《關於調整成都至樂山高速公路擴容建設項目核准事項的批覆》(川發改基礎[2022]298號)), the adjusted total mileage of the project was 136.1 km and the estimated total investment was RMB25.15 billion. After the completion of the project, it will help ease the traffic pressure on Chengle Expressway, and improve the overall traffic capacity and service level of Chengle Expressway. On 27 November 2019, the established tasks for the Chengle Expressway Expansion Construction Project Pilot Section were completed and the pilot section was opened to two-way traffic. On 18 December 2019, the new Qinglong Toll Station of Chengle Expressway officially opened to traffic. On 2 August 2021, in order to standardize the approval procedures of PPP projects' inclusion and reclassification in the database, Chengdu Transportation Bureau has entered into the Investment Agreement for the Expansion Construction Project of Chengdu-Leshan Expressway and the Public-Private-Partnership (PPP) Project Contract for the Expansion Construction Project of Chengdu-Leshan Expressway with Chengle Company. On 27 January 2022, the 81 km section from Meishan to Leshan fully realized two-way eight-lane passage. From the date of construction commencement to 30 June 2022, the cumulative investment in Chengle Expressway expansion and construction project was approximately RMB8.260 billion.

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

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

On 4 March 2020, Sichuan Chengqiongya Expressway Company Limited was incorporated in Qionglai of Sichuan Province as a project company to take charge of the investment, construction and operation of Tianqiong Expressway, with project company's registered capital of approximately RMB1.737 billion, of which the Company contributed RMB1.424 billion. From the commencement date of construction to 30 June 2022, an accumulated investment of approximately RMB1.865 billion had been invested in the Tianqiong Project.

## **(3) *Termination of Acquisition Project in Turkey***

The second meeting of the seventh session of the Board of Directors of the Company was convened on 20 December 2019, at which the Resolution in relation to Participation in the Acquisition of Overseas Assets and the Connected Transaction of the Company was considered and approved. The Company, China Merchants Expressway Network and Technology Holdings Co., Ltd., China Merchants Union (BVI) Limited, Zhejiang Expressway Co., Ltd., Jiangsu Expressway Company Ltd. and Anhui Expressway Company Ltd. (the “**Consortium**”) entered into the Cooperation Agreement and the Shares Purchase Agreement to establish a joint venture to carry out the assets acquisition overseas (the “**Project**”). On 4 August 2021, the Company published updates on the progress of the Project, the relevant parties have not reached consensus on the relevant terms of the refinancing agreement, and the conditions precedent for the transaction under the Share Purchase Agreement have not fully been fulfilled; on 20 August 2021, the Company published further announcement on the progress of the Project, the Chinese side of the Consortium intends to negotiate with the seller for the termination of the agreement for the Project. On 27 January 2022, the Company convened the nineteenth meeting of the seventh session of the Board, at which the Resolution on Termination of Acquisition of Overseas Assets between the Company and the parties of the Consortium was considered and approved, and it was agreed that the Company and the Consortium Members would terminate the Shares Purchase Agreement in respect of the acquisition of the Project. On 9 March 2022, the parties to the Consortium and the Seller jointly signed the Termination Agreement to terminate the Project.

**(4) Disposal of 5% Equity Interests of Sichuan Transportation Construction Group Co., Ltd.**

On 20 October 2021, Sichuan Expressway Construction and Development Group Co., Ltd., Sichuan Tibetan Area Expressway Co., Ltd., Sichuan Port and Channel Development Co., Ltd. and the Company (jointly as the vendors) and Sichuan Road and Bridge (Group) Co., Ltd. (“**Sichuan Road and Bridge**”) (as the purchaser) entered into the Original Disposal Agreement, pursuant to which, the Company agreed to sell 5% equity interests (the “**Sale Equity**”) of Sichuan Transportation Construction Group Co., Ltd. (the “**Target Company**”). On 3 March 2022, the parties to the original disposal agreement entered into the supplemental agreement to the original disposal agreement, including the termination of the transaction between the Company and Sichuan Road and Bridge in relation to the disposal of the Sale Equity under the original disposal agreement and the release and discharge of the Company from its obligations under the original disposal agreement. The Company and Sichuan Road and Bridge have entered into a separate equity transfer agreement in respect of the disposal of the Sale Equity. Meanwhile, the Company has waived the pre-emptive rights in respect of the disposal of a total of 95% equity interests in the Target Company. At the same time, on 3 March 2022, the Company (as the vendor), Sichuan Road and Bridge (as the purchaser) and Shudao Investment (as performance committed person and guarantor of the Target Company) entered into the new disposal agreement. The Company conditionally agreed to sell and Sichuan Road and Bridge conditionally agreed to purchase the Sale Equity for a consideration of RMB369,195,000 in cash, and the parties also agreed that Shudao Investment guarantees the performance of the Target Company and undertakes to compensate Sichuan Road and Bridge for any unfulfilled committed performance.

***(5) Acquisition of the Charging Stations and Their Ancillary Facilities of Jiaotou New Energy***

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

***(6) Disposal of 44.95% Equity Interests of Chengyu Financial Leasing Co., Ltd.***

On 30 June 2022, the Company entered into the equity transfer agreement with Shudao Capital, pursuant to which, the Company agreed to dispose of and Shudao Capital agreed to purchase 44.95% of the equity interest in Chengyu Financial Leasing at a cash consideration of RMB296.67 million. The above transaction is subject to the approval of the independent shareholders by a resolution passed at a general meeting.



## ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION

### Summary of the Group's Operating Results

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

### Summary of the Group's Financial Position

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

## ANALYSIS OF OPERATING RESULTS

### Revenue

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

- (1) The net toll roads and bridges income was RMB1,592,973,000 (the same period in 2021: RMB1,795,488,000), representing a year-on-year decrease of 11.28%. During the period, except for the Chengle Expressway, the toll revenue of each road section decreased to varying degrees, which was mainly due to: firstly, the diversion of adjacent road network of Chengren Expressway superimposed the negative impact of COVID-19 pandemic resulted in a decrease of RMB121,010,000 or 26.11% in toll revenue of Chengren Expressway for the period as compared with the same period of last year. Secondly, the resurgence of COVID-19 pandemic, resulting in a decrease in vehicle travel. Chengya Expressway, Chengyu Expressway, Chengbei Exit Expressway and Suiguang-Suixi Expressways were all affected to different extents, of which: the toll income of Chengya Expressway decreased by RMB61,197,000 or 11.89% as compared with the same period of last year; the toll income of Chengyu Expressway decreased by RMB39,542,000 or 10.32% as compared with the same period of last year; the toll income of Chengbei Exit Expressway decreased by RMB4,052,000 or 5.96% as compared with the same period of last year; and the toll income of Suiguang-Suixi Expressways decreased by RMB18,952,000 or 9.54% as compared with the same period of last year. Please refer to "operating conditions of the 'toll roads and bridges' business of the Group" in this announcement for details of the main factors affecting the toll income of the Group during the Reporting Period;
- (2) The net city operation revenue was RMB1,441,119,000 (the same period in 2021: RMB1,375,798,000), representing a year-on-year increase of 4.75%, which was mainly due to that: firstly, the construction contract revenue (before deduction of turnover taxes) in respect of service concession arrangements was RMB1,364,575,000 (the same period in 2021: RMB932,307,000), representing a year-on-year increase of 46.37%, which was mainly the construction contract revenue from the project for expansion construction of Chengle Expressway, Tianqiong Expressway BOT Project and Chengya Oil Company Meishan Gas Station Construction Project recognized under the input method Company; secondly, construction contract revenue (before deduction of turnover taxes) in respect of construction works performed for third parties amounted to RMB18,207,000 (the same period in 2021: RMB1,035,000), representing a year-on-year increase of 1,659.13%, which was mainly due to the construction contract revenue from the PPP Project of Longmen to Baosheng to Dachuan in Lushan County, the Dachuan River Scenic Tourism Highway Project in Lushan

County and others recognized under the input method; thirdly, the revenue from real estate business decreased by RMB370,258,000 (the same period in 2021: RMB370,258,000), representing a year-on-year decrease of 100%, which was mainly due to the fact that the real estate business of Renshou Trading Landmark Company Limited (仁壽交投置地有限公司) was no longer included in the consolidated statement of the Group in this period; fourthly, the revenue from the sale of industrial products amounted to RMB23,647,000 (the same period in 2021: RMB35,363,000), as a result of the suspension of the Qianwei Sand and Gravel Project (犍為砂石項目); fifthly, the revenue from other projects amounted to RMB35,512,000.

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

### **Other Income and Gains**

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

## Operating Expenses

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

- (1) During the Period, construction contract cost recognized under the input method in respect of service concession arrangements was RMB1,364,575,000 (the same period in 2021: RMB932,307,000), representing a year-on-year increase of 46.37%. This mainly included construction contract costs recognized for Chengle Expressway Expansion Construction Project, Tianqiong Expressway Project and Chengya Oil Company Meishan Gas Station Construction Project; during the Period, construction contract costs recognized under the input method in respect of construction works amounted to RMB16,419,000 (the same period in 2021: RMB351,000), representing a year-on-year increase of RMB16,068,000. This was mainly due to the construction cost of the PPP Project of Longmen to Baoshang to Dachuan in Lushan County, Tourism Road Project at Dachuan River Scenic Area in Lushan County and others recognized under the input method;
- (2) Depreciation and amortization expenses increased by 2.82% from RMB478,164,000 last year to RMB491,650,000 for the Period, mainly attributable to the increase in amortization for service concession arrangements, depreciation of right-of-use assets and depreciation of property, plant and equipment;
- (3) The cost of sales of goods was RMB877,609,000 (the same period in 2021: RMB630,850,000), representing a year-on-year increase of 39.12%, which was mainly due to the increase in direct sales costs over the same period last year as a result of the Company's active development of energy sales business and expansion of sales channels in the current period;
- (4) The cost of property sales for the period recorded a decrease of RMB281,223,000 (the same period in 2021: RMB281,223,000), representing a decrease of 100% over the last year, which was mainly due to that the real estate business of Renshou Trading Landmark Company Limited\* (仁壽交投置地有限公司) was no longer included in the consolidated financial statements of the Group during the Period;
- (5) Employee costs increased by 5.38% from RMB386,388,000 for the same period last year to RMB407,157,000 for the Period, mainly due to the cumulative impact of the increase in the average salary in the city and the increase in the proportion of provision for five social insurance and one housing fund;
- (6) Repair and maintenance costs increased by 3.43% from RMB42,527,000 for the same period last year to RMB43,985,000, representing the daily maintenance costs of the ancillary facilities of all expressways of the Group;

- (7) Cost of finance lease operation amounted to RMB49,582,000 (the same period in 2021: RMB46,179,000), representing a year-on-year increase of RMB3,403,000, mainly attributable to the increase in interest on borrowings for finance lease operation project;
- (8) Exchange loss amounted to RMB4,681,000, while there was no exchange loss for the same period last year.

### **Finance Costs**

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

### **Income Tax**

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

### **Profit**

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

- (1) The toll road and bridge business for the Period recorded a decrease of RMB211,710,000 in toll income (before deduction of turnover taxes) as compared to the same period last year due to the negative impact of the resurgence of COVID-19 pandemic and the diversion of neighbouring road network. The profit of the toll road and bridge segment was approximately RMB613,998,000, representing a decrease of approximately RMB155,521,000 as compared to the same period last year;

- (2) Profit of the city operation segment for the Period amounted to approximately RMB32,475,000, representing a decrease of RMB46,675,000 as compared to the same period last year, which was mainly due to that the real estate business of Renshou Trading Landmark Company Limited\* (仁壽交投置地有限公司) was no longer included in the consolidated financial statements of the Group during the Period;
- (3) Profit of the financial investment segment for the Period amounted to approximately RMB48,858,000, representing a year-on-year decrease of RMB414,000, which was mainly due to the decrease in the amount of financial leasing projects launched in the Period;
- (4) Profit of the energy investment segment for the Period amounted to approximately RMB72,409,000, representing a year-on-year decrease of approximately RMB24,267,000, mainly due to the decrease in retail sales volume of refined oil as compared to the same period last year as a result of the decrease in vehicle travel due to the recurrence of the COVID-19 pandemic.

## **ANALYSIS OF FINANCIAL POSITION**

### **Non-current Assets**

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

- (1) An increase of RMB1,107,821,000 in service concession arrangements which included an increase of approximately RMB1,516,148,000 from Chengle Expressway Expansion Construction Project, Tianqiong Expressway BOT Project and Chengya Oil Company Meishan Gas Station Construction Project, and the provision for amortization of service concession arrangements of approximately RMB408,327,000;
- (2) A decrease of RMB24,953,000 in right-of-use assets, mainly due to the provision for depreciation;

- (3) A decrease of RMB12,437,000 in investment in associates and joint ventures, mainly attributable to: firstly, the decrease in the carrying amount due to the distribution of dividend of RMB17,143,000 for 2021 declared by Chengdu Airport Expressway in the Period; secondly, the decrease in carrying amount due to the receipt of dividends in a total amount of RMB5,567,000 from Chengyu Development Fund during the Period; thirdly, the increase in carrying amount following the recognition of income from investment in a total amount of RMB16,633,000 during the Period; fourthly, the decrease of RMB6,360,000 in carrying amount due to the completion of the acquisition of 100% equity interest in Chengyu Private Equity Fund, and the Group held 50% equity interest in Chengyu Private Equity Fund and presented it in the investment in joint ventures before then, which was no longer presented after it was included in the scope of consolidation in the current period;
- (4) A decrease of RMB2,888,000 in equity investments designated at fair value through other comprehensive income, which was mainly due to the changes in fair value of equity investments in China Everbright Bank Co., Ltd.;
- (5) A decrease in loans to customers of RMB179,977,000, which was mainly due to the reclassification of long-term finance lease receivables as current assets based on liquidity;
- (6) A decrease of RMB3,351,000 in long term compensation receivables;
- (7) A decrease of RMB28,639,000 in property, plant and equipment which was mainly due to the provision for depreciation during the Period.

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

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

- (1) A decrease of RMB948,443,000 in the balance of cash and cash equivalents as compared with the end of 2021, mainly due to the net cash outflow of RMB235,692,000 used in operating activities during the Period; net cash outflow used in investing activities and financing activities amounted to RMB95,755,000 and RMB736,999,000, respectively;
- (2) A decrease of approximately RMB112,134,000 in loan to customers due within one year compared with the end of 2021, mainly due to the collection of financial leasing funds receivables due within one year (recovered by instalment);

- (3) Trade and other receivables increased by RMB70,678,000 as compared to the end of 2021, mainly due to a decrease in trade receivables of RMB55,483,000, an increase in other receivables of RMB4,114,000 and an increase in prepayment of RMB122,047,000, respectively;
- (4) An increase of approximately RMB26,371,000 in inventories as compared with the end of 2021, mainly due to the increase of purchase of oil products for the Period;

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

### **Non-current Liabilities**

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

### **Equity**

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



## Capital Structure

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

## Cash Flow

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

During the Period, net cash outflow from operating activities of the Group amounted to RMB235,692,000 (the same period of 2021: net cash outflow of RMB616,739,000), representing a decrease of RMB381,047,000 in net cash outflow compared with the same period last year, which was mainly because: profit before tax decreased by RMB236,904,000 as compared with the same period last year; the new service concession arrangements resulted in an increase of RMB432,268,000 in cash outflow as compared with the same period last year; the decrease in properties under development resulted in a decrease of RMB126,565,000 in cash outflow as compared with the same period last year; the decrease in the properties held for sale resulted in a decrease of RMB263,861,000 in cash inflow as compared with the same period last year; the increase in restricted deposits resulted in an increase in cash outflow of RMB11,697,000 for the Period as compared with the same period last year; cash inflows increased by RMB766,162,000 as compared with the same period last year due to the decrease in loans to customers; the increase in trade receivables and other receivables resulted in an increase of RMB288,032,000 in net cash outflow for the Period as compared with the same period last year; the decrease in contract assets and contract costs resulted in a decrease of RMB6,187,000 in the cash inflow for the Period as compared with the same period last year; the increase in contract liabilities resulted in a decrease of RMB261,892,000 in the net cash outflow for the Period as compared with the same period last year; the decrease in trade payables and other payables resulted in a decrease of RMB538,887,000 in cash outflow for the Period as compared with the same period last year.

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

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

### **Foreign Exchange Fluctuation Risks**

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

## Borrowings and Solvency

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

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

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

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

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

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

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

## ***Pledge of assets***

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

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

## **BUSINESS DEVELOPMENT PLAN**

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

### **1. Focusing on development planning and accumulating energy in consensus**

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

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

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

**2. Focusing on improving quality and efficiency and developing steadily in boosting operation efficiency**

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

**3. Focusing on strengthening the management by increasing efficiency of management through unfolding internal potential.**

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

**4. Focusing on optimizing the assessment and motivation through the sound incentive and constraint mechanism**

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

## 5. Focusing on safety and environmental protection to develop steadily while firmly holding the red line

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

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

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

## EMPLOYEES, REMUNERATION AND TRAINING

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

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

## Composition of expertise

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

## Education level

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

### 1. Employees' remuneration

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

### 2. Employees' insurance and welfare

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

### 3. Staff training

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



## **CORPORATE GOVERNANCE**

### **1. Corporate Governance**

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

### **2. Corporate Governance Code**

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

### **3. Audit Committee**

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

#### **4. Model Code for Securities Transactions by Directors and Supervisors**

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

#### **COMPLIANCE WITH THE LISTING RULES**

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

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

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

#### **EVENTS AFTER THE REPORTING PERIOD**

On 25 July 2022, Madam Liu Lina tendered her resignation from the positions as an independent non-executive Director of the seventh session of the Board and a member of the strategy committee and the audit committee, the chairman of the remuneration and appraisal committee under the Board of the Company in accordance with the Rules for Independent Directors of Listed Companies issued by the CSRC and the Articles of Association of the Company regarding the term of office of independent Directors. The resignation will take effect upon supplementary election of new independent non-executive Director at the general meeting of the Company. During this period, Madam Liu Lina will continue to perform her duties as an independent non-executive Director and a member of the relevant special committees under the Board.

On 28 July 2022, Mr. You Zhiming resigned as the deputy general manager of the Company due to personal work change, but remained as an executive Director of the Company.

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

On 9 August 2022, upon consideration and approval at the twenty-fifth meeting of the seventh session of the Board of the Company, Ms. Xue Min was proposed to be appointed as an executive Director of the seventh session of the Board, Mr. Chen Chaoxiong was proposed to be appointed as a non-executive Director of the seventh session of the Board, and Mr. Zhang Qinghua was proposed to be appointed as an independent non-executive Director of the seventh session of the Board, all for a term commencing from the date of election at the general meeting until the expiry of the seventh session of the Board. The above matters shall be submitted to the general meeting for approval.

Save as disclosed above, as at the date of this announcement, there has been no change in the Directors, Supervisors and any information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## **PUBLICATION OF THE INTERIM REPORT**

The Company's interim report for the half year ended 30 June 2022 containing all information required by the Listing Rules will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

## **DEFINITIONS**

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

## **NAMES OF EXPRESSWAY PROJECTS**

Chengbei Exit Expressway	Chengdu Chengbei Exit Expressway
Chengle Expressway	Sichuan Chengle (Chengdu – Leshan) Expressway
Chengle Expressway Expansion Construction Project Pilot Section	expansion construction project of pilot section (from Meishan to Qinglong) of Sichuan Chengle Expressway
Chengren Expressway	Chengdu – Meishan (Renshou) Section of ChengZiLuChi (Chengdu – Zigong – Luzhou – Chishui) Expressway
Chengya Expressway	Sichuan Chengya (Chengdu – Ya'an) Expressway
Chengyu Expressway	Chengyu (Chengdu – Chongqing) Expressway (Sichuan Section)
Suiguang Expressway	Sichuan Suiguang (Suining – Guang'an) Expressway
Suixi Expressway	Sichuan Suixi (Suining – Xichong) Expressway
Tianqiong Expressway	Tianqiong (Tianfu New Area – Qionglai) Expressway

## **BRANCHES, SUBSIDIARIES AND PRINCIPAL INVESTED COMPANIES**

Chengdu Airport Expressway	Chengdu Airport Expressway Company Limited
Chengle Company	Sichuan Chengle Expressway Company Limited
Chengya Oil Company	Sichuan Chengya Expressway Oil Supply Company Limited
Chengyu Development Fund	Sichuan Chengyu Development Equity Investment Fund Centre (Limited Partnership)
Chengyu Financial Leasing Company	Chengyu Financial Leasing Company Limited
Chengyu Private Equity Fund	Sichuan Chengyu Private Equity Fund Management Co., Ltd. (formerly known as “Chengdu Chengyu Jianxin Equity Investment Fund Management Co., Ltd.”) (former abbreviation “Chengyu Jianxin Fund Company”, with the change of shareholders and change of name on 25 January 2022)
Shudao New Energy Company	Sichuan Shudao New Energy Technology Development Co., Ltd. *(四川蜀道新能源科技發展有限公司) (formerly known as “Sichuan Chengyu Transportation Technology Development Co., Ltd.* (四川成渝交通科技發展有限公司)”, “Sichuan Chengyu Education Investment Co., Ltd. (四川成渝教育投資有限公司)”)

## **OTHERS**

A Share(s)	ordinary share(s) denominated in RMB of the Company with a nominal value of RMB1.00 each, which are issued in the PRC, subscribed for in RMB and listed on the SSE
Articles of Association	the Articles of Association of the Company, as amended from time to time
Audit Committee	the Audit Committee of the Board
Board	the Board of Directors of the Company
BOT Project	build – operate – transfer project
Chengle Expressway Expansion Construction Project	Capacity expansion construction project for the Chengdu – Leshan Expressway

Company	Sichuan Expressway Company Limited* (四川成渝高速公路股份有限公司), a joint stock company incorporated in the PRC with limited liability and the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 00107) and the A Shares of which are listed on the SSE (stock code: 601107)
CSRC	China Securities Regulatory Commission
Director(s)	director(s) of the Company
Group	the Company and its subsidiaries
H Share(s)	overseas listed share(s) of the Company with a nominal value of RMB1.00 each, which are issued in Hong Kong, subscribed for in HKD and listed on the Main Board of the Stock Exchange
HKD or HK\$	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange and/or the Rules Governing the Listing of 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 10 to the Listing Rules of the Stock Exchange, which has been adopted by the Company as the code of conduct for securities transactions by Directors and Supervisors of the Company
Nomination Committee	the Nomination Committee under the Board
Period or Reporting Period	the six months ended 30 June 2022
PPP Project	Public-Private Partnership project
PRC or Mainland China	the People's Republic of China, for the purpose of this results announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
Remuneration and Appraisal Committee	the remuneration and appraisal committee under the Board

RMB	Renminbi, the lawful currency of the PRC
Share(s)	A Share(s) and/or H Share(s) (as the case may be)
Shareholder(s)	holder(s) of Shares
Shudao Capital	Shudao Capital Holding Group Co., Ltd.* (蜀道資本控股集團有限公司)
Shudao Investment	Shudao Investment Group Co., Ltd., the controlling shareholder of the Company
SSE	Shanghai Stock Exchange
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 BOT (build-operate-transfer)
%	per cent.

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

Chengdu, Sichuan Province, the PRC  
25 August 2022

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

\* *For identification purpose only*