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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)

2023 INTERIM RESULTS ANNOUNCEMENT

The Board of the Company hereby announces that the unaudited consolidated results of the Group for the six months ended 30 June 2023, together with the comparative figures for the corresponding period in 2022 are as follows (the data herein are presented in RMB except where otherwise indicated).

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE LOSS

For the six months ended 30 June 2023

		For the six months ended 30 June	
		2023	2022
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Restated and unaudited)
REVENUE	4	5,657,375	4,433,927
Cost of sales		<u>(4,090,707)</u>	<u>(3,300,644)</u>
Gross profit		1,566,668	1,133,283
Other income and gains	4	145,162	175,700
Administrative expenses		(258,389)	(168,953)
Other expenses		(19,718)	(12,961)
Finance costs	5	(465,255)	(540,635)
Share of profits and losses of:			
Joint ventures		4,558	4,263
Associates		<u>25,825</u>	<u>12,370</u>
PROFIT BEFORE TAX	6	998,851	603,067
Income tax expense	7	<u>(171,340)</u>	<u>(137,268)</u>
PROFIT FOR THE PERIOD		<u>827,511</u>	<u>465,799</u>
Attributable to:			
Owners of the Company		780,353	423,813
Non-controlling interests		<u>47,158</u>	<u>41,986</u>
		<u>827,511</u>	<u>465,799</u>

		For the six months ended 30 June	
		2023	2022
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Restated and unaudited)
OTHER COMPREHENSIVE LOSS			
Other comprehensive 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		(7,313)	(2,888)
Income tax effect		1,404	935
		<u>(5,909)</u>	<u>(1,953)</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX			
		<u>(5,909)</u>	<u>(1,953)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			
		<u><u>821,602</u></u>	<u><u>463,846</u></u>
Attributable to:			
Owners of the Company		775,233	422,067
Non-controlling interests		46,369	41,779
		<u><u>821,602</u></u>	<u><u>463,846</u></u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
– Basic and diluted	8	<u><u>RMB0.255</u></u>	<u><u>RMB0.139</u></u>

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

30 June 2023

		30 June 2023	31 December 2022
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	9	908,409	840,044
Service concession arrangements	9	48,003,738	46,332,783
Right-of-use assets	9	302,547	317,762
Goodwill		–	7,583
Investments in joint ventures	10	78,645	128,796
Investments in associates	11	489,151	472,804
Equity investments designated at fair value through other comprehensive income	12	85,920	93,233
Financial assets at fair value through profit or loss		35,982	28,777
Payments in advance		622,346	426,785
Deferred tax assets		101,675	109,574
Due from the ultimate holding company		–	2,200,000
Restricted deposits		118	112
		<hr/>	<hr/>
Total non-current assets		50,628,531	50,958,253
		<hr/> <hr/>	<hr/> <hr/>

		30 June 2023	31 December 2022
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Restated)
CURRENT ASSETS			
Inventories		34,572	30,076
Trade and other receivables	13	2,218,131	2,536,192
Due from the ultimate holding company		–	86,278
Financial assets at fair value through profit or loss		349	365
Cash and cash equivalents		3,352,161	2,587,976
		<u>5,605,213</u>	<u>5,240,887</u>
Total current assets			
CURRENT LIABILITIES			
Tax payable		87,179	144,957
Trade and other payables	14	2,405,200	2,097,633
Contract liabilities		37,889	9,136
Dividend payable		89,532	–
Due to the ultimate holding company		78	103,877
Interest-bearing bank and other borrowings	15	3,660,454	2,365,977
		<u>6,280,332</u>	<u>4,721,580</u>
Total current liabilities			
NET CURRENT (LIABILITIES)/ ASSETS		<u>(675,119)</u>	<u>519,307</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>49,953,412</u>	<u>51,477,560</u>

		30 June 2023	31 December 2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Restated)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	15	33,490,614	29,587,662
Deferred tax liabilities		3,113	1,319
Deferred income	14	270,526	277,792
		<hr/>	<hr/>
Total non-current liabilities		33,764,253	29,866,773
		<hr/> <hr/>	<hr/> <hr/>
Net assets		16,189,159	21,610,787
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		3,058,060	3,058,060
Reserves		12,203,992	17,637,565
		<hr/>	<hr/>
		15,262,052	20,695,625
Non-controlling interests		927,107	915,162
		<hr/>	<hr/>
Total equity		16,189,159	21,610,787
		<hr/> <hr/>	<hr/> <hr/>

1. CORPORATE INFORMATION

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

During the six months ended 30 June 2023 (the “**Period**”), the Company and its subsidiaries (the “**Group**”) was involved in the following principal activities:

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

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

2.1 BASIS OF PREPARATION AND PRESENTATION

The interim condensed financial information for the Period has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting*. The interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022.

Going concern basis

The Group had net current liabilities of RMB675,119,000 as at 30 June 2023 (31 December 2022 (restated): net current assets of RMB519,307,000). In view of the net current liabilities position, the board of directors has given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

Having considered the unutilised banking facilities and registered corporate bond, the directors are satisfied that the Group is able to meet in full its financial obligations as they fall due in the foreseeable future. Accordingly, the directors have prepared the interim condensed financial information on a going concern basis.

2.1 BASIS OF PREPARATION AND PRESENTATION (CONTINUED)

Business combination under common control

The accounting policies for business combination under common control of the interim condensed financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022.

On 30 April 2023, the Group acquired 81% and 19% equity interests in Sichuan Rongcheng Second Ring Expressway Development Co., Ltd. ("**Rongcheng Second Ring Company**") from Sichuan Shudao Expressway Group Co., Ltd. ("**Shudao Expressway**") and Sichuan Road & Bridge (Group) Corporation Ltd. ("**SRB Group**"), respectively. As the Group and Rongcheng Second Ring Company are under the common control of Shudao Investment before and after the acquisition, the business combination has been accounted for in the interim condensed financial information of the Group as a business combination under common control based on the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" ("**AG 5**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") as if the acquisition had occurred when Rongcheng Second Ring Company established on 20 April 2010.

The comparative financial information for the six months ended 30 June 2022 and as at 31 December 2022 have been restated to reflect the business combination under common control as if the acquisition had occurred when Rongcheng Second Ring Company established on 20 April 2010.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period's financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed financial information and are not expected to have a significant impact on the accounting policy disclosures in the Group's annual consolidated financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below: (continued)

- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022, if any.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022. The quantitative impact on the financial information is summarised below.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below: (continued)

(c) (continued)

Impact on the interim condensed statement of financial position:

		Increase/(decrease)		
		As at	As at	As at
		30 June	31 December	1 January
		2023	2022	2022
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Assets				
Deferred tax assets	(i)	<u>1,443</u>	<u>2,470</u>	<u>1,233</u>
Total non-current assets		<u>1,443</u>	<u>2,470</u>	<u>1,233</u>
Total assets		<u>1,443</u>	<u>2,470</u>	<u>1,233</u>
Liabilities				
Deferred tax liabilities	(i)	<u>1,299</u>	<u>44</u>	<u>(409)</u>
Total non-current liabilities		<u>1,299</u>	<u>44</u>	<u>(409)</u>
Total liabilities		<u>1,299</u>	<u>44</u>	<u>(409)</u>
Net assets		<u>144</u>	<u>2,426</u>	<u>1,642</u>

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below: (continued)

(c) (continued)

Impact on the interim condensed statement of financial position: (continued)

	<i>Note</i>	Increase/(decrease)		
		As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000	As at 1 January 2022 RMB'000
Equity				
Retained profits (included in reserves)		<u>451</u>	<u>2,216</u>	<u>1,642</u>
Equity attributable to owners of the Company		<u>451</u>	<u>2,216</u>	<u>1,642</u>
Non-controlling interests		<u>(307)</u>	<u>210</u>	<u>–</u>
Total equity		<u><u>144</u></u>	<u><u>2,426</u></u>	<u><u>1,642</u></u>

Note (i): The deferred tax asset and the deferred tax liability arising from lease contracts of the same subsidiary have been offset in the statement of financial position for presentation purposes.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

(c) (continued)

Impact on the interim condensed statement of profit or loss:

	Increase/(decrease) For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Income tax expense	2,282	890
Profit for the period	<u>(2,282)</u>	<u>(890)</u>
Attributable to:		
Owners of the Company	(1,765)	(919)
Non-controlling interests	<u>(517)</u>	<u>29</u>
	<u>(2,282)</u>	<u>(890)</u>
Total comprehensive income for the period	<u>(2,282)</u>	<u>(890)</u>
Attributable to:		
Owners of the Company	(1,765)	(919)
Non-controlling interests	<u>(517)</u>	<u>29</u>
	<u>(2,282)</u>	<u>(890)</u>

The adoption of amendments to HKAS 12 did not have material impact on the basic and diluted earnings per share attributable to ordinary equity holders of the Company, other comprehensive income and the interim condensed statements of cash flows for the six months ended 30 June 2023 and 2022.

3. OPERATING SEGMENT INFORMATION

During the year ended 31 December 2022, the Company has approved and passed the outline of the “14th Five-Year” development plan. Management has revised other reportable segments and the Group’s internal reporting, in which the old segment “Toll roads and bridges” and “Others” were renamed as the new segment “Expressways” and “New Energy Technologies”, respectively. The transportation services related businesses in old segment “City Operation” and “Energy Investment” were combined into the new segment “Transportation Services”. The construction services related businesses and logistics related businesses in old segment “City Operation” have been split into the new segments “Construction services” and “Transportation Logistics”. The remaining businesses were merged into segment “Others”. As a result of the changes to reportable segments and segment presentation, the prior year segment information for the six months ended 30 June 2022 has been re-presented to conform with the revised presentation.

During the Period, the Group acquired 81% and 19% equity interests in Rongcheng Second Ring Company from Shudao Expressway and SRB Group, respectively. Rongcheng Second Ring Company is involved the management and operation of Second Ring (Western) Expressway in Chengdu. Due to the business combination under common control and the adoption of amendments to HKAS 12, the operating segment information for the six months ended 30 June 2022 and as at 31 December 2022 were also restated.

3. OPERATING SEGMENT INFORMATION (CONTINUED)

For the six months ended 30 June 2023

	Expressways <i>RMB'000</i> (Unaudited)	New Energy Technologies <i>RMB'000</i> (Unaudited)	Transportation Services <i>RMB'000</i> (Unaudited)	Transportation Logistics <i>RMB'000</i> (Unaudited)	Construction Services <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
SEGMENT							
REVENUE <i>(note 4)</i>	2,361,466	14,702	936,568	312,177	2,032,462	-	5,657,375
SEGMENT RESULTS	1,033,579	3,073	89,456	42,029	(1,959)	29,504	1,195,682
Reconciliation:							
Unallocated income and gains							52,363
Corporate and other unallocated expenses							(249,194)
Profit before tax							<u>998,851</u>

For the six months ended 30 June 2022

	Expressways <i>RMB'000</i> (Restated and unaudited)	New Energy Technologies <i>RMB'000</i> (Unaudited)	Transportation Services <i>RMB'000</i> (Restated and unaudited)	Transportation Logistics <i>RMB'000</i> (Unaudited)	Construction Services <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Restated and unaudited)
SEGMENT							
REVENUE <i>(note 4)</i>	1,935,991	-	1,016,611	8,092	1,381,960	91,273	4,433,927
SEGMENT RESULTS	549,680	(584)	100,173	781	9,305	48,858	708,213
Reconciliation:							
Unallocated income and gains							49,214
Corporate and other unallocated expenses							(154,360)
Profit before tax							<u>603,067</u>

3. OPERATING SEGMENT INFORMATION (CONTINUED)

30 June 2023

	Expressways	New Energy Technologies	Transportation Services	Transportation Logistics	Construction Services	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
SEGMENT ASSETS	49,709,849	143,342	326,295	180,442	1,942,094	355,517	52,657,539
<u>Reconciliation:</u>							
Equity investments designated at fair value through other comprehensive income							85,920
Financial assets at fair value through profit or loss							36,331
Deferred tax assets							101,675
Restricted deposits							118
Cash and cash equivalents							<u>3,352,161</u>
Total assets							<u>56,233,744</u>
SEGMENT LIABILITIES	38,370,131	43,984	102,202	24,685	1,388,333	25,718	39,955,053
<u>Reconciliation:</u>							
Dividend payables							<u>89,532</u>
Total liabilities							<u>40,044,585</u>

3. OPERATING SEGMENT INFORMATION (CONTINUED)

31 December 2022

	Expressways RMB'000 (Restated)	New Energy Technologies RMB'000	Transportation Services RMB'000	Transportation Logistics RMB'000	Construction Services RMB'000 (Restated)	Others RMB'000	Total RMB'000 (Restated)
SEGMENT ASSETS	50,404,901	93,862	277,068	338,578	1,923,698	333,413	53,371,520
<u>Reconciliation:</u>							
Equity investments designated at fair value through other comprehensive income							93,233
Financial assets at fair value through profit or loss							29,142
Goodwill							7,583
Deferred tax assets							109,574
Restricted deposits							112
Cash and cash equivalents							<u>2,587,976</u>
Total assets							<u><u>56,199,140</u></u>
SEGMENT LIABILITIES	33,094,450	11,483	98,231	28,076	1,336,931	19,182	<u>34,588,353</u>
Total liabilities							<u><u>34,588,353</u></u>

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Restated and unaudited)
<i>Revenue from contracts with customers</i>	<u>5,640,437</u>	<u>4,332,916</u>
<i>Revenue from other sources</i>		
Finance leasing	–	91,189
Commercial factoring	–	84
Gross rental income from operating leases:		
Other lease payments, including fixed payments	<u>16,938</u>	<u>9,738</u>
	<u>16,938</u>	<u>101,011</u>
	<u>5,657,375</u>	<u>4,433,927</u>

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2023

Segments

	Expressways <i>RMB'000</i> (Unaudited)	New Energy Technologies <i>RMB'000</i> (Unaudited)	Transportation Services <i>RMB'000</i> (Unaudited)	Transportation Logistics <i>RMB'000</i> (Unaudited)	Construction Services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Types of goods or services						
Toll income	2,361,466	-	-	-	-	2,361,466
Construction services	-	-	-	-	2,032,462	2,032,462
Sale of products	-	1,012	882,285	312,177	-	1,195,474
Charging services for electric vehicles	-	13,690	-	-	-	13,690
Others	-	-	37,345	-	-	37,345
	<u>2,361,466</u>	<u>14,702</u>	<u>919,630</u>	<u>312,177</u>	<u>2,032,462</u>	<u>5,640,437</u>
Total revenue from contracts with customers						
	<u>2,361,466</u>	<u>14,702</u>	<u>919,630</u>	<u>312,177</u>	<u>2,032,462</u>	<u>5,640,437</u>
Geographical market						
Revenues under HKFRS 15 are all generated in Mainland China.						
Timing of revenue recognition						
Goods transferred at a point in time	2,361,466	14,702	919,630	312,177	-	3,607,975
Services transferred over time	-	-	-	-	2,032,462	2,032,462
	<u>2,361,466</u>	<u>14,702</u>	<u>919,630</u>	<u>312,177</u>	<u>2,032,462</u>	<u>5,640,437</u>
Total revenue from contracts with customers						
	<u>2,361,466</u>	<u>14,702</u>	<u>919,630</u>	<u>312,177</u>	<u>2,032,462</u>	<u>5,640,437</u>

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Disaggregated revenue information for revenue from contracts with customers (continued)

For the six months ended 30 June 2022

Segments

	Expressways <i>RMB'000</i> (Restated and unaudited)	New Energy Technologies <i>RMB'000</i> (Unaudited)	Transportation Services <i>RMB'000</i> (Unaudited)	Transportation Logistics <i>RMB'000</i> (Unaudited)	Construction Services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Restated and unaudited)
Types of goods or services						
Toll income	1,935,991	–	–	–	–	1,935,991
Construction services	–	–	–	–	1,381,960	1,381,960
Sale of products	–	–	975,724	8,092	–	983,816
Others	–	–	31,149	–	–	31,149
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>1,935,991</u>	<u>–</u>	<u>1,006,873</u>	<u>8,092</u>	<u>1,381,960</u>	<u>4,332,916</u>

Geographical market

Revenues under HKFRS 15 are all generated in Mainland China.

Timing of revenue recognition

Goods transferred at a point in time	1,935,991	–	1,006,873	8,092	–	2,950,956
Services transferred over time	–	–	–	–	1,381,960	1,381,960
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>1,935,991</u>	<u>–</u>	<u>1,006,873</u>	<u>8,092</u>	<u>1,381,960</u>	<u>4,332,916</u>

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Restated and unaudited)
Other income and gains		
Interest income from bank deposits	30,773	29,311
Interest income from funds under centralised management	115	729
Interest income from discontinuing long term compensation receivables	426	1,885
Interest income from financial assets arising from construction contracts	–	42,952
Interest income from loans to the ultimate holding company	28,475	53,688
Interest income from loans to a related party	1,868	341
Rental income from operating leases of other lease payments, including fixed payments	1,351	1,111
Government grants*	14,164	15,654
Road damage compensation income	13,614	15,612
Dividend income from equity investments designated at fair value through other comprehensive income	6,833	7,130
Dividend income from financial assets at fair value through profit or loss	13	13
Fair value changes on financial assets at fair value through profit or loss	7,189	(19)
Fair value gains on derivative financial instruments	–	1,221
Gain on disposal of financial assets at fair value through profit or loss	–	22
Reversal of impairment losses of trade receivables	33,923	–
Gain on disposal of right-of-use assets	343	–
Fair value gain on remeasurement of a previously held equity interest in a joint venture at the date of business combination	–	3,641
Miscellaneous	6,075	2,409
	<hr/>	<hr/>
Total other income and gains	145,162	175,700
	<hr/> <hr/>	<hr/> <hr/>

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

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Restated and unaudited)
Interest on bank and other borrowings	641,325	680,335
Interest on super short term commercial papers	2,354	–
Interest on medium term notes	25,938	26,438
Guarantee fees	–	31,308
Interest on lease liabilities	3,134	3,709
	672,751	741,790
Less:		
Interest capitalised in respect of:		
Service concession arrangements (<i>note 9(d)</i>)	(207,496)	(151,573)
Interest recorded under cost of sales	–	(49,582)
	465,255	540,635
Interest rate of borrowing costs capitalised	3.57% – 3.75%	3.15% – 6.30%

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	<i>Notes</i>	For the six months ended 30 June	
		2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Restated and unaudited)
Construction costs in respect of:			
Service concession arrangements*		1,993,363	1,364,575
Construction works performed for other parties*		35,184	16,419
Cost of sales		1,086,873	877,609
Cost of charging services		7,411	–
Cost of finance lease operation		–	49,582
Depreciation of property, plant and equipment	9	60,683	57,677
Amortisation of service concession arrangements	9	529,904	512,800
Depreciation of right-of-use assets	9	29,863	33,204
Employee benefit expenses		471,863	436,697
Repairs and maintenance		63,691	56,519
Foreign exchange losses, net		–	4,681
Lease payments not included in the measurement of lease liabilities		508	2,823
Late fees relating to unpaid taxes		4,074	3,503
Impairment loss on goodwill		7,583	–
Loss on disposal of items of property, plant and equipment		1,012	1,216
		<u>1,012</u>	<u>1,216</u>

* During the Period, employee costs of RMB26,399,000 (six months ended 30 June 2022: RMB24,862,000) and depreciation and amortisation charges of RMB2,992,000 (six months ended 30 June 2022: RMB1,297,000) 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	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Restated and unaudited)
Current – Mainland China		
Charge for the period	159,115	146,822
Underprovision in prior years	1,128	4,123
Deferred	11,097	(13,677)
	<hr/>	<hr/>
Total tax charge for the period	171,340	137,268

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, 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, i.e., the Company, Chengle Expressway Company Limited (“**Chengle Expressway**”), Chengdu Chengbei Exit Expressway Company Limited, Sichuan Shuxia Industrial Company Limited, Rongcheng Second Ring Company and Chengdu Airport Expressway Company Limited (“**Chengdu Airport Expressway**”), an associate of the Company, are entitled to a preferential tax rate of 15%.

The share of tax attributable to joint ventures and associates amounting to RMB9,071,000 (six months ended 30 June 2022: RMB4,703,000) is included in “Share of profits and losses of joint ventures and associates” on the face of the interim condensed 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 2022: 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 2023 and 2022 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 (restated)	840,044	317,762	46,332,783
Additions	136,239	16,564	2,200,859
Disposals/termination	(7,191)	(1,916)	–
Depreciation/amortisation charged for the period (<i>note 6</i>)	(60,683)	(29,863)	(529,904)
Carrying amounts at end of the period (unaudited)	908,409	302,547	48,003,738

Notes:

- (a) As at 30 June 2023 and 31 December 2022, 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 2023 <i>RMB'000</i> (Unaudited)	31 December 2022 <i>RMB'000</i> (Restated)
Chengle Expressway	11,272,784	10,549,429
Chengren Expressway	6,002,469	6,102,008
Tianqiong Expressway	4,207,342	3,012,674
Suiguang Expressway and Suixi Expressway	11,246,212	11,099,484
Second Ring (Western) Expressway	13,287,801	13,398,517
	46,016,608	44,162,112

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

Notes: (continued)

- (b) During the Period, the Group was mainly in the construction of the Chengle Expressway Expansion Construction Project and Tianqiong Expressway Build-Operate-Transfer (“**BOT**”) Project. Total cost of RMB2,200,859,000 (six months ended 30 June 2022: RMB1,516,148,000), including construction costs of RMB1,993,363,000 and borrowing costs of RMB207,496,000 were incurred, among which RMB1,993,363,000 (six months ended 30 June 2022: RMB1,364,575,000) was sub-contracted to third party subcontractors.
- (c) Construction revenue of RMB1,993,363,000 (six months ended 30 June 2022: RMB1,364,575,000) was recognised mainly in respect of the construction services provided by the Group for the Chengle Expressway Expansion Construction Project and Tianqiong Expressways BOT 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 RMB207,496,000 (six months ended 30 June 2022: RMB151,573,000) (note 5).
- (e) Other than land with a site area of approximately 1,846,804 square metres, the Group has not obtained land use right certificates of certain land occupied by Rongcheng Second Ring Company. In the opinion of the Directors, there are no major obstacles for the Group to obtain these certificates, and the normal operation of Rongcheng Second Ring Company will not be adversely affected before obtaining these certificates.

10. INVESTMENTS IN JOINT VENTURES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000
Share of net assets	<u>78,645</u>	<u>128,796</u>

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

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

11. INVESTMENTS IN ASSOCIATES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000
Share of net assets	498,314	481,967
Provision for impairment	(9,163)	(9,163)
	<u>489,151</u>	<u>472,804</u>

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

Name	Percentage of ownership interest attributable to the Group	Principal activity
Chengdu Airport Expressway	25%	Operation of Chengdu Airport Expressway
Sichuan Renshou Rural Commercial Bank Co., Ltd.	7.474%	Banking operations
Sichuan Zhongxin Assets Management Company Limited	40%	Asset management
Shudao Financial Leasing (Shenzhen) Company Limited (formerly known as “Chengyu Financial Leasing Company Limited”)	25.05%	Finance lease

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 INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000
Equity investments designated at fair value through other comprehensive income:		
Listed equity investments, at fair value		
China Everbright Bank	<u>77,660</u>	<u>82,783</u>
	<u>77,660</u>	<u>82,783</u>
Unlisted equity investments, at fair value		
Sichuan Zhineng Transportation System Management Company Limited	1,700	1,570
Chengdu Chengbei Expressway Gas Station Co., Ltd.	<u>6,560</u>	<u>8,880</u>
	<u>8,260</u>	<u>10,450</u>
	<u>85,920</u>	<u>93,233</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

		30 June 2023	31 December 2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Restated)
Trade receivables			
Trade receivables		1,696,421	1,693,594
Impairment		(3,678)	(37,601)
		<hr/>	<hr/>
Trade receivables, net	(a)	1,692,743	1,655,993
Bills receivable		–	220,432
		<hr/>	<hr/>
		1,692,743	1,876,425
		<hr/>	<hr/>
Other receivables			
Deposit and other receivables	(b)	552,567	746,134
Impairment	(c)	(134,406)	(134,406)
		<hr/>	<hr/>
		418,161	611,728
Prepayments		107,227	48,039
		<hr/>	<hr/>
Other receivables, net		525,388	659,767
		<hr/>	<hr/>
Total trade and other receivables		2,218,131	2,536,192
		<hr/> <hr/>	<hr/> <hr/>

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

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

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

According to the contracts governing the relevant construction works, trade receivables of RMB1,084,417,000 as at 30 June 2023 (31 December 2022: RMB1,075,667,000) are to be settled by instalments within two to thirteen years upon completion of the relevant construction works and bear interest at rates ranging from 4.75% to 14.98% (31 December 2022: 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:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000
Within 3 months	106,764	168,417
3 to 6 months	11,272	12,494
6 to 12 months	130,173	19,390
Over 1 year	1,444,534	1,455,692
	<u>1,692,743</u>	<u>1,655,993</u>

The movement in the loss allowance for impairment of trade receivables is as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000
At beginning of period/year	37,601	51,246
Reversal of loss allowance (<i>note 4</i>)	(33,923)	(13,645)
At end of period/year	<u>3,678</u>	<u>37,601</u>

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:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Restated)
Up-front payment of construction contracts	40,866	37,186
Interest receivables on temporary advances and construction revenue	5,505	5,505
Long-term compensation receivables to be received within one year	–	3,351
Toll income receivables	102,381	85,260
Deductible input value-added tax	161,244	141,129
Deposits	5,483	4,520
Loans to a related party	–	250,000
Interest receivables	6,148	4,003
Dividend receivables	14,602	–
Miscellaneous	216,338	215,180
	<u>552,567</u>	<u>746,134</u>
Impairment allowance	<u>(134,406)</u>	<u>(134,406)</u>
	<u>418,161</u>	<u>611,728</u>

- (c) The movement in the loss allowance for impairment of financial assets in prepayments, deposits and other receivables is as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000
At beginning of period/year	134,406	97,103
Provision for loss allowance	–	37,303
	<u>134,406</u>	<u>134,406</u>
At end of period/year	<u>134,406</u>	<u>134,406</u>

14. TRADE AND OTHER PAYABLES

		30 June 2023	31 December 2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Restated)
Trade payables	(a)	36,062	62,640
Other payables	(b)	2,276,347	1,932,964
Accruals		58,819	68,616
Deferred income		304,498	311,205
		2,675,726	2,375,425
Non-current portion		(270,526)	(277,792)
Portion clarified as current liabilities		2,405,200	2,097,633

Notes:

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

	30 June 2023	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	
Within 3 months	15,426	45,788
3 to 6 months	7,897	595
6 to 12 months	2,824	3,967
Over 1 year	9,915	12,290
	36,062	62,640

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

14. TRADE AND OTHER PAYABLES (CONTINUED)

Notes: (continued)

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Restated)
Advances	15,752	12,524
Inter-network toll collection	32,855	38,666
Payroll and welfare payables	263,686	263,704
Taxes and surcharge payables	79,378	83,715
Progress billing payables	1,295,672	950,771
Retention payables	184,415	193,364
Deposits	97,073	96,149
Late fees for unpaid other taxes	29,536	25,462
Others	277,980	268,609
	<u>2,276,347</u>	<u>1,932,964</u>

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	<i>Notes</i>	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Restated)
Bank loans:			
Secured and guaranteed	(a), (c)	9,099,000	9,104,000
Secured	(a)	16,881,347	15,160,460
Unsecured		6,616,700	2,710,950
Medium term notes	(b)	1,290,000	1,290,000
Other borrowings, guaranteed	(d)	3,140,461	3,554,177
Lease liabilities		123,560	134,052
		<u>37,151,068</u>	<u>31,953,639</u>
Portion classified as current liabilities		<u>(3,660,454)</u>	<u>(2,365,977)</u>
Non-current portion		<u>33,490,614</u>	<u>29,587,662</u>

At the end of the reporting period, all interest-bearing bank and other borrowings of the Group were denominated in RMB.

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

Notes:

- (a) Bank loans were secured by:

	<i>Note</i>	30 June 2023 RMB'000 (Unaudited) (Bank loan amount)	31 December 2022 RMB'000 (Restated)
Secured by concession rights of:	9(a)		
Chengle Expressway		5,909,230	4,825,230
Chengren Expressway		1,472,999	1,555,004
Tianqiong Expressway		2,889,118	1,970,226
Suiguang Expressway and Suixi Expressway		6,610,000	6,810,000
Second Ring (Western) Expressway		9,099,000	9,104,000
		25,980,347	24,264,460

- (b) As at 30 June 2023, the Company had two (31 December 2022: two) tranches of outstanding medium term notes totalling RMB1,290,000,000 (31 December 2022: RMB1,290,000,000) issued to domestic institutional investors participating in the PRC interbank debt market. The effective interest rates for these medium term notes ranged from 3.49% to 6.30% (31 December 2022: 3.49% to 6.30%) per annum. These medium term notes were issued at a par value of RMB100 per unit, and will be repaid between July 2024 and May 2026, respectively, with an original maturity period of ten years and five years, respectively.
- (c) As at 30 June 2023, the bank loans of approximately RMB9,099,000,000 (31 December 2022 (restated): RMB9,104,000,000) were guaranteed by Shudao Investment.
- (d) As at 30 June 2023, the other borrowings of approximately RMB3,140,461,000 (31 December 2022 (restated): RMB3,554,177,000) were guaranteed by Shudao Investment.

16. BUSINESS COMBINATION UNDER COMMON CONTROL

On 30 April 2023, the Company completed the acquisition of 81% and 19% equity interests in Rongcheng Second Ring Company from Shudao Expressway and SRB Group, respectively, with an aggregate consideration of RMB5,903,000,000 settled during the Period. Rongcheng Second Ring Company is involved the management and operation of Second Ring (Western) Expressway in Chengdu. The acquisition promotes the sustainable development of the Company and is in line with the development strategy of the Company, which could enhance the overall management of the Group's toll expressways in Sichuan Province, create synergies of the expressway network and thereby strengthen the core competitiveness of the Group.

As the Group and Rongcheng Second Ring Company are under the common control of Shudao Investment before and after the acquisition, the business combination has been accounted for in the interim condensed financial information of the Group as a business combination under common control based on the principles of merger accounting in accordance with AG 5 issued by the HKICPA as if the acquisition had occurred when Rongcheng Second Ring Company established by the ultimate holding company. Upon the business combination under common control effected on 30 April 2023, Rongcheng Second Ring Company has also become a subsidiary of the Group since its establishment date on 20 April 2010.

Under the principles of merger accounting, the assets and liabilities of Rongcheng Second Ring Company are consolidated in the Group's financial statements using the existing book values as stated in the consolidated financial statements of Shudao Investment immediately prior to the combination.

16. BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

The carrying amounts of the assets and liabilities of Rongcheng Second Ring Company as at the transaction date on 30 April 2023 were as follows:

	Book values at 30 April 2023 RMB'000	Book values at 21 December 2022 RMB'000
Property, plant and equipment	79,110	83,912
Service concession arrangements	13,336,295	13,410,348
Deferred tax assets	68,514	72,133
Due from the ultimate holding company	–	2,286,278
Trade and other receivables	24,190	268,541
Cash and cash equivalents	2,486,662	35,955
Trade and other payables	(455,918)	(413,685)
Interest-bearing bank and other borrowings	(12,541,001)	(12,658,177)
Due to the ultimate holding company	(153)	(103,877)
Deferred income	(84,380)	(86,411)
	<hr/>	<hr/>
Total net assets at book value	2,913,319	2,895,017
	<hr/>	<hr/>
Difference recognised in equity	2,989,681	
	<hr/>	
Total purchase consideration	<u><u>5,903,000</u></u>	

The Group incurred transaction costs of RMB2,300,000 for this acquisition. These transaction costs have been expensed and included in administrative expenses in the interim condensed statements of profit or loss.

17. DIVIDENDS

At a meeting of the board of directors held on 29 August 2023, the directors of the Company resolved not to pay an interim dividend to shareholders of the Company (six months ended 30 June 2022: nil).

The proposed final dividend of RMB0.10 per ordinary share for the year ended 31 December 2022 (2021: RMB0.11) was declared during the Period and fully paid as of 14 July 2023.

RESULTS

The Group is principally engaged in the investment, construction, operation and management of expressways and the expansion of traditional core businesses of derivative economy along the expressways, as well as the foster and development of the green energy industry with a focus on “charging, battery bank + power replacement and hydrogen energy”. In the first half of 2023, the national economy continued to recover with economic development rebounding and improving, and the overall operation was stable and progressive. The Group has tightly focused on its annual targets and tasks, vigorously implemented its responsibilities, deepened its reforms, enhanced its capabilities and innovated in its development, and accelerated the progress of its various tasks with obvious results, maintaining a steady growth and continuous improvement in its overall operating trend.

During the Reporting Period, the net revenue of the Group amounted to approximately RMB5,657,375,000, representing an increase of approximately 27.59% year-on-year. In particular, the net revenue from expressway segment amounted to approximately RMB2,361,466,000, representing an increase of approximately 21.98% year-on-year; the net revenue from new energy technology segment amounted to approximately RMB14,702,000, representing an increase of approximately RMB14,702,000 year-on-year; the net revenue from transportation service segment amounted to approximately RMB936,568,000, representing a decrease of approximately 7.87% year-on-year; the net revenue from transportation logistics segment amounted to approximately RMB312,177,000, representing an increase of approximately 3,757.85% year-on-year; and the net revenue from construction services segment amounted to approximately RMB2,032,462,000, representing an increase of approximately 47.07% year-on-year. The profit attributable to the owners of the Company was approximately RMB780,353,000, representing an increase of approximately 84.13% year-on-year. Basic earnings per share was approximately RMB0.255 (the same period in 2022 (restated): approximately RMB0.139). As at 30 June 2023, the Group had total assets of approximately RMB56,233,744,000 and net assets of approximately RMB16,189,159,000.

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 (<i>vehicles</i>)				Toll income (before deduction of turnover taxes) (<i>RMB'000</i>)		
	Shareholding percentage (%)	2023			2023		
		For the period	Same period in 2022	Increase/ (decrease) (%)	For the period	Same period in 2022	Increase/ (decrease) (%)
Chengyu Expressway	100.00	20,636	19,146	7.78	411,956	343,690	19.86
Chengya Expressway	100.00	37,796	38,708	(2.36)	505,658	453,644	11.47
Chengren Expressway	100.00	36,542	29,713	22.98	477,746	342,462	39.50
Chengle Expressway	100.00	34,316	25,773	33.15	262,766	217,913	20.58
Chengbei Exit Expressway (including Qinglongchang Bridge)	60.00	46,651	50,749	(8.08)	56,649	63,974	(11.45)
Suiguang Expressway	100.00	12,487	10,952	14.02	142,641	111,955	27.41
Suixi Expressway	100.00	9,585	9,360	2.39	84,347	67,799	24.41
Second Ring (Western) Expressway	100.00	/	/	/	428,967	344,918	24.37

Note: Pursuant to the overseas regulatory announcement of the Company published on the website of the Stock Exchange on 4 May 2023 and the announcement on the progress of the acquisition of 100% equity interest in Rongcheng Second Ring Company and the related party transaction of the Company published on the website of the SSE, during the Reporting Period, the Company has completed the transfer of equity interest and has formally included Rongcheng Second Ring Company in the scope of the consolidated statements of the Company. Upon consolidation, the statistics source for traffic flow of Second Ring (Western) Expressway changes and therefore there is no comparable data for its average daily traffic flow.

During the Reporting Period, the toll income (before deduction of turnover taxes) of the Group was approximately RMB2,370,730,000, representing an increase of approximately 21.80% as compared with the same period last year. The toll income (after deduction of turnover taxes) accounted for approximately 41.74% of the Group's operating revenue, representing a decrease of approximately 1.92 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 2023, China's economy continued to recover, 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 RMB59,303.4 billion, representing a year-on-year increase of 5.5%¹ at constant prices. Sichuan Province has fully implemented the new development concept, actively served and integrated into the new development pattern, and the province's major economic indicators have continued to rebound, with a sustained increase in development vitality and overall trend of recovery of economic operation. Sichuan Province achieved a GDP of RMB2,790.101 billion, up 5.5%² year-on-year. Such favorable economic environment has led to an increase in regional traffic flow. As a result, most of the Group's toll roads saw increases in traffic flow to varying degrees as compared with the same period last year. The Group's overall toll income (before deduction of turnover taxes) increased by 21.80% year-on-year in the first half of 2023.

(2) Policy factors

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 10 provincial departments including the Department of Finance of Sichuan Province, the Department of Transportation of Sichuan Province, Sichuan Provincial Tax Service, State Taxation Administration and others, 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. According to the Notice of the Ministry of Transport and the Ministry of Finance on Phased Reduction and Waiver of Tolls for Trucks on Toll Roads (Jiao Gong Lu Ming Dian [2022] No. 282) (《交通運輸部財政部關於做好階段性減免收費公路貨車通行費有關工作的通知》(交公路明電[2022]282號)) issued on 28 September 2022, the phased reduction and waiver of tolls for trucks on national toll roads would end at 24:00 on 31 December 2022, i.e., the normal toll collection for trucks on expressways would resume, effective from 0:00 a.m. on 1 January 2023. According to the Notice on Printing and Implementing the Work Plan of the Green Channel Policy for Fresh Agricultural Products Exported by Four Ministries (Chuan Jiao Han

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

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

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

(3) Road network changes and road construction

Changes in peripheral competitive or synergistic road networks and road refurbishment brought about 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:

- **Chengle Expressway:** On 18 January 2023, the Jiajiang East Toll Station of Chengle Expressway was put into operation, on 22 February 2023, Pengshan Qinglong Bridge of Chengle Expressway was officially put into operation, and on 11 May 2023, Leshan city transit double-track section of Chengle Expressway Expansion Project was put into operation, all of the above factors were conducive to the recovery of traffic flow of Chengle Expressway, which would contribute to the increase in toll income.
- **Chengbei Exit Expressway:** In March 2023, the traffic flow of Chengbei Exit Expressway decreased slightly due to the impact of the renovation of Chengmian Expressway and the closure of the overlay of the Qinglongchang Viaduct of the Chengbei Expressway for construction.
- **Chengya Expressway:** From 23 May 2023 to 31 May 2023, the emergency repair of the slopes from Chengya to Chengdu section of Chengya Expressway occupied the emergency lane and temporarily occupied the third lane, which brought about certain diversion effect due to relatively long traffic control time. From 17 April 2023 to 30 April 2023, the ramp of Chengya Expressway Qinglongchang Hub Interchange in the direction of Ya’an to Leshan was closed for construction, prohibiting the passage of vehicles, resulting in a decrease in traffic flow.

- **Suiguang Expressway:** On 20 March 2023, the river-sea intermodal transportation route from Guang'an Port under the management of Sichuan Port and Shipping Investment Group to Sihanoukville Port, Cambodia was formally put into operation, which would be beneficial to the increase of the traffic flow of Suiguang Expressway for cargo transit between Chengdu and Guang'an.

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. On 11 May 2023, Leshan city transit double-track section of Chengle Expressway Expansion Project was put into operation. From the date of construction commencement to 30 June 2023, the cumulative investment in Chengle Expressway expansion and construction project was approximately RMB10.782 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 2023, an accumulated investment of approximately RMB4.207 billion had been invested in the Tianqiong Project.

(3) *Acquisition of 100% Equity Interests of Rongcheng Second Ring Company*

On 17 February 2023 and 30 March 2023, the Company convened the third meeting of the eighth session of the Board and the 2023 second extraordinary general meeting of the Company, respectively, at which the Resolution on the Acquisition of 100% Equity Interest in Rongcheng Second Ring Company was considered and approved. Pursuant to the equity transfer agreement entered into by the Company with Shudao Expressway, SRB Group and Shudao Investment on 17 February 2023 (after trading hours), the Company conditionally agreed to purchase, and Shudao Expressway and SRB Group conditionally agreed to sell, the 100% equity interests in the Rongcheng Second Ring Company (being 81% and 19% equity interest held by Shudao Expressway and SRB Group, respectively) at a consideration of RMB5,903 million (tax inclusive). Upon completion of the acquisition, Rongcheng Second Ring Company will become a wholly-owned subsidiary of the Company and will be included in the consolidated financial statements of the Company. Both Shudao Expressway and SRB Group are the subsidiaries of Shudao Investment, the controlling shareholder of the Company, and therefore Shudao Expressway and SRB Group are connected persons of the Company. For details of the above major transaction and connected transaction, please refer to the announcement dated 17 February 2023, the circular dated 10 March 2023 and the poll results announcement of the 2023 second extraordinary general meeting of the Company dated 30 March 2023 published on the website of the Hong Kong Stock Exchange.

ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION

Summary of the Group's Operating Results

	For the six months ended 30 June	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Restated and unaudited)
Revenue	5,657,375	4,433,927
Including: Net expressways segment revenue	2,361,466	1,935,991
Net new energy technologies segment revenue	14,702	–
Net transportation services segment revenue	936,568	1,016,611
Net transportation logistics segment revenue	312,177	8,092
Net construction services segment revenue	2,032,462	1,381,960
Net others segment revenue	–	91,273
Profit before tax	998,851	603,067
Profit attributable to owners of the Company	780,353	423,813
Earnings per share attributable to owners of the Company (<i>RMB</i>)	0.255	0.139

Summary of the Group's Financial Position

	30 June 2023 <i>RMB'000</i> (Unaudited)	31 December 2022 <i>RMB'000</i> (Restated)
Total assets	56,233,744	56,199,140
Total liabilities	40,044,585	34,588,353
Non-controlling interests	927,107	915,162
Equity attributable to owners of the Company	15,262,052	20,695,625
Equity per share attributable to owners of the Company (<i>RMB</i>)	4.991	6.768

REVENUE

The Group's net revenue for the Period amounted to RMB5,657,375,000 (the same period in 2022 (restated): RMB4,433,927,000), representing a year-on-year increase of 27.59%, of which:

- (1) The net expressway segment revenue was RMB2,361,466,000 (the same period in 2022 (restated): RMB1,935,991,000), representing an increase of 21.98% compared with the corresponding period of the previous year. During the Period, except for the Chengbei Exit Expressway, the toll revenue of each road section increased to varying degrees, which was mainly due to factors such as social and economic recovery, the increase in travel demand, and the improvement of the Company's operating services. The significant rebound in traffic volume resulted in year-on-year increase in the toll revenue, of which: the toll revenue of Chengyu Expressway (before deduction of turnover taxes) increased by RMB68,266,000 or 19.86% compared with the corresponding period of the previous year; the toll revenue of Chengya Expressway (before deduction of turnover taxes) increased by RMB52,014,000 or 11.47% compared with the corresponding period of the previous year; the toll revenue of Chengren Expressway (before deduction of turnover taxes) increased by RMB135,284,000 or 39.50% compared with the corresponding period of the previous year; the toll revenue of Chengle Expressway (before deduction of turnover taxes) increased by RMB44,853,000 or 20.58% compared with the corresponding period of the previous year; the toll revenues of Suiguang-Suixi Expressways (before deduction of turnover taxes) increased by RMB47,234,000 or 26.28% compared with the corresponding period of the previous year; the toll revenue of the Second Ring (Western) Expressway (before deduction of turnover taxes) increased by RMB84,049,000 or 24.37% compared with the corresponding period of the previous 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 new energy technology segment revenue was RMB14,702,000, representing an increase of RMB14,702,000 compared with the corresponding period of the previous year, mainly due to the recognition of charging services revenue for electric vehicles and other revenue as the Company built up its transportation emerging industry business segment and rapidly laid out its new energy vehicle charging network;

- (3) The net transportation service segment revenue was RMB936,568,000 (the same period in 2022 (restated): RMB1,016,611,000), representing a decrease of 7.87% compared with the corresponding period of the previous year, which was mainly due to the decrease in the direct oil sales for the Period;
- (4) The net transportation logistics segment revenue was RMB312,177,000 (the same period in 2022: RMB8,092,000), representing an increase of 3,757.85% compared with the corresponding period of the previous year, which was mainly due to the year-on-year increase in revenue as a result of the proactive implementation of North-South Grain Transportation Project of the Company this year;
- (5) The net construction services segment revenue was RMB2,032,462,000 (the same period in 2022: RMB1,381,960,000), representing an increase of 47.07% compared with the corresponding period of the previous year, which was mainly due to that: (1) the construction contract revenue in respect of service concession arrangements was RMB1,993,363,000 (the same period in 2022: RMB1,364,575,000), representing an increase of 46.08% compared with the corresponding period of the previous year, which was primarily the construction contract revenue from the service concession arrangements and the gas station project recognized under the input method; (2) construction contract revenue (before deduction of turnover taxes) in respect of construction works performed for third parties amounted to RMB39,255,000 (the same period in 2022: RMB18,207,000), representing an increase of 115.60% compared with the corresponding period of the previous year, which was primarily the construction services revenue from Long Bao Da PPP project in Lushan County and the Tourism Highway Project in Dachuan River Scenic Spot in Lushan County recognized under the input method;
- (6) The net others segment revenue decreased by RMB91,273,000 compared with the corresponding period of the previous year (the same period in 2022: RMB91,273,000), mainly due to the decrease of RMB91,189,000, or 100%, in finance leases revenue compared with the corresponding period of the previous year, resulting from the cease of inclusion of Chengyu Financial Leasing Company into the scope of the Company's consolidated statements.

OTHER INCOME AND GAINS

The Group's other income and gains for the Period amounted to RMB145,162,000 (the same period in 2022 (restated): RMB175,700,000), representing a decrease of 17.38% compared with the corresponding period of the previous year, mainly due to the decrease of RMB42,952,000, or 100%, in construction contract interest income compared with the corresponding period of the previous year.

OPERATING EXPENSES

The Group's operating expenses for the Period amounted to RMB4,368,814,000 (the same period in 2022 (restated): RMB3,482,558,000), representing an increase of 25.45% compared with the corresponding period of the previous year, of which:

- (1) During the Period, construction contract cost recognized under the input method in respect of service concession arrangements was RMB1,993,363,000 (the same period in 2022: RMB1,364,575,000), representing an increase of 46.08% compared with the corresponding period of the previous year, which was primarily the construction costs of the service concession arrangements and the Gas Station Project;
- (2) Depreciation and amortization expenses were RMB620,450,000 (the same period in 2022 (restated): RMB603,681,000), representing an increase of 2.78% compared with the corresponding period of the previous year, mainly attributable to the increase in amortization for service concession arrangements, and depreciation of property, plant and equipment for the Period;
- (3) The cost of sales of goods was RMB1,086,873,000 (the same period in 2022: RMB877,609,000), representing an increase of 23.84% compared with the corresponding period of the previous year, which was mainly due to the increase in the cost of sales attributable to the proactive implementation of North-South Grain Transportation Project and operation of charging services for the Period;
- (4) Staff costs were RMB471,863,000 (the same period in 2022 (restated): RMB436,697,000), representing an increase of 8.05% compared with the corresponding period of the previous year, mainly due to the cumulative impact of the increase in the average city wage and the corresponding increase in the provision ratio of five insurances and one fund;
- (5) Repair and maintenance costs were RMB63,691,000 (the same period in 2022 (restated): RMB56,519,000), representing an increase of 12.69% compared with the corresponding period of the previous year, which was the daily maintenance costs of the ancillary facilities of all expressways of the Group;

- (6) The costs of finance lease decreased by RMB49,582,000 compared with the corresponding period of the previous year (the same period in 2022: RMB49,582,000), mainly due to the fact that Chengyu Financial Leasing Company's profit was no longer included in the scope of the Company's consolidated statements since November 2022;
- (7) Foreign exchange losses decreased by RMB4,681,000 compared with the corresponding period of the previous year because there was no exchange loss for the Period.

FINANCE COSTS

The Group's finance costs for the Period amounted to RMB672,751,000, of which expensed interest expenditure amounted to RMB465,255,000 (the same period in 2022 (restated): RMB741,790,000, of which expensed interest expenditure amounted to RMB540,635,000), representing a decrease of 9.31% compared with the corresponding period last year. The decrease in finance costs for the Period was mainly due to the repayment of part of principal of loan and the decrease in the weighted average interest rate of financing for the Period.

INCOME TAX

The income tax expense of the Group for the Period amounted to RMB171,340,000 (the same period in 2022 (restated): RMB137,268,000), representing an increase of approximately 24.82% compared with the corresponding period of 2022, mainly due to the change in profit.

PROFIT

The Group's profit for the Period amounted to RMB827,511,000 (the same period in 2022 (restated): RMB465,799,000), representing an increase of RMB361,712,000 compared with the corresponding period of the previous year, of which the profit attributable to owners of the Company was RMB780,353,000 (the same period in 2022 (restated): RMB423,813,000), representing an increase of RMB356,540,000 compared with the corresponding period of the previous year. This was mainly due to:

- (1) The profit of the expressways segment for the Period was approximately RMB1,033,579,000 (the same period in 2022 (restated): RMB549,680,000), representing an increase of 88.03% compared with the corresponding period of the previous year, which was mainly due to the increase of RMB425,475,000 in toll revenue (after deduction of turnover taxes) of the expressway business for the Period compared with the corresponding period of the previous year as a result of the growth in demand for travelling and the rebound in traffic volume under the influence of factors including macro policy regulation, recovery of the social economy, and spring travel peaks;

- (2) The profit of the new energy technologies segment for the Period was approximately RMB3,073,000 (the same period in 2022: loss of RMB584,000), representing an increase of 626.20% compared with the corresponding period of the previous year, which was mainly due to the addition of charging services income for the Period;
- (3) The profit of the transportation services segment for the Period was approximately RMB89,456,000 (the same period in 2022 (restated): RMB100,173,000), representing a decrease of 10.70% compared with the corresponding period of the previous year, which was mainly due to the year-on-year decrease in profit of direct oil sales with the decrease in such business for the Period;
- (4) The profit of the transportation logistics segment for the Period was approximately RMB42,029,000 (the same period in 2022: RMB781,000), representing an increase of 5,281.43% compared with the corresponding period of the previous year, which was mainly due to the increase in profit resulting from the Company's proactive efforts to mitigate the previous business risks, reversal of credit impairment losses and the proactive expansion of North-South Grain Transportation Project and other projects for the Period;
- (5) The loss of the construction services segment for the Period was approximately RMB1,959,000 (the same period in 2022: profit of RMB9,305,000), representing a decrease of 121.05% compared with the corresponding period of the previous year, which was mainly due to the lagging progress of Long Bao Da PPP project in Lushan County and the Tourism Highway Project in Dachuan River Scenic Spot in Lushan County under the influence of harsh construction environment and construction difficulties;
- (6) The profit of the others segment for the Period was approximately RMB29,504,000 (the same period in 2022: RMB48,858,000), representing a decrease of 39.61% compared with the corresponding period of the previous year, which was mainly due to the fact that Chengyu Financial Leasing Company's profit was no longer included in the scope of the Company's consolidated statements since November 2022.

ANALYSIS OF FINANCIAL POSITION

Non-current Assets

As at 30 June 2023, the Group's non-current assets amounted to RMB50,628,531,000, representing a decrease of 0.65% as compared with the amount restated at the end of 2022, mainly attributable to:

- (1) An increase of RMB1,670,955,000 in service concession arrangements, which included an increase of approximately RMB2,200,859,000 in the service concession carrying value and the provision for amortization of service concession arrangements of approximately RMB529,904,000;
- (2) A decrease of RMB15,215,000 in right-of-use assets, mainly due to the provision for amortization of approximately RMB29,863,000 and addition of right-of-use assets of approximately RMB16,564,000 for the Period;
- (3) A decrease of RMB33,804,000 in investment in associates and joint ventures, mainly attributable to: (1) the decrease of approximately RMB14,187,000 in the total carrying value resulting from the receipt of dividends of RMB4,709,000 and RMB9,478,000 respectively from Sichuan Chengyu Development Equity Investment Fund Centre and Chengdu Airport Expressway; (2) the increase in carrying amount following the recognition of income from investment in a total amount of RMB30,383,000 during the Period; (3) the decrease in carrying amount following the recovery of RMB50,000,000 from Chengyu Development Fund Project;
- (4) A decrease of RMB7,313,000 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) An increase of RMB68,365,000 in property, plant and equipment, which was mainly the addition of property, plant and equipment of approximately RMB136,239,000 and the provision for depreciation of approximately RMB60,683,000 for the Period.

Current Assets and Current Liabilities

As at 30 June 2023, the current assets of the Group amounted to RMB5,605,213,000, representing an increase of 6.95% as compared with the amount restated at the end of 2022, mainly attributable to:

- (1) An increase of RMB764,185,000 in the balance of cash and cash equivalents as compared with the amount restated at the end of 2022, mainly attributable to the substantial increase in cash flow generated from investment activities due to the repayment of loans by the ultimate holding company during the Period;
- (2) A decrease of RMB318,061,000 in trade and other receivables as compared with the amount restated at the end of 2022, mainly due to a decrease in trade receivables (including bill receivables) of RMB183,682,000, a decrease in other receivables of RMB193,567,000 and an increase in prepayment of RMB59,188,000;
- (3) An increase of RMB4,496,000 in inventories as compared with the end of 2022, mainly due to the increase of purchase of oil products for the Period;

As at 30 June 2023, the Group's current liabilities amounted to RMB6,280,332,000, representing an increase of 33.01% as compared with the amount restated at the end of 2022, mainly attributable to an increase of RMB307,567,000 in trade and other payables; an increase of RMB89,532,000 in dividend payable; a decrease of approximately RMB57,778,000 in tax payable; and an increase of approximately RMB1,294,477,000 in current portion of interest-bearing bank and other borrowings.

Non-current Liabilities

As at 30 June 2023, the non-current liabilities of the Group amounted to RMB33,764,253,000, representing an increase of 13.05% as compared with the amount restated at the end of 2022, which was principally attributable to an increase of approximately RMB3,902,952,000 in non-current portion of bank and other interest-bearing borrowings compared with the amount restated at the end of last year; and a decrease of RMB7,266,000 in deferred income for the Period as compared with the amount restated at the end of last year.

Equity

As at 30 June 2023, the Group's equity amounted to RMB16,189,159,000, representing a decrease of 25.09% as compared with the amount restated at the end of 2022, mainly attributable to: (1) profit of RMB827,511,000 for the Period, which increased the equity; (2) a decrease in equity of RMB5,909,000 due to the adjustment to the fair value of equity investments designated at fair value through other comprehensive income; (3) the final dividend for 2022 declared in the Period amounting to RMB305,806,000, which decreased the equity; (4) declared dividends of RMB51,984,000 to non-controlling shareholders, which decreased the equity; (5) an increase of RMB17,560,000 in equity due to capital injection by non-controlling shareholders; and (6) a decrease of RMB5,903,000,000 in equity due to business combination under common control.

Capital Structure

As at 30 June 2023, the Group had total assets of RMB56,233,744,000 and total liabilities of RMB40,044,585,000. The gearing ratio, which was calculated as the Group's total liabilities divided by its total assets, was 71.21% (31 December 2022 (restated): 61.55%).

Cash Flow

As at 30 June 2023, the cash and cash equivalents of the Group amounted to RMB3,352,161,000, representing an increase of approximately RMB764,185,000 as compared with the amount restated at the end of 2022. It comprised approximately HKD102,000 (equivalent to approximately RMB94,000) of deposits in Hong Kong dollars, and RMB3,352,067,000 of cash and cash equivalents in Renminbi.

During the Period, net cash outflow used in operating activities of the Group amounted to RMB85,351,000 (the same period in 2022 (restated): net cash inflow of RMB75,010,000), representing a decrease of RMB160,361,000 in net cash inflow compared with the same period last year, which was mainly due to the increase of RMB395,784,000 in profit before tax as compared with the same period last year; the additions to service concession arrangements resulted in an increase of RMB628,788,000 in cash outflow as compared with the same period last year; the increase in restricted deposits resulted in a decrease in cash outflow of RMB5,464,000 for the Period as compared with the same period last year; the decrease in loans to customers resulted in a decrease in cash inflow of RMB292,111,000 as compared with the same period last year; the decrease in trade and other receivables resulted in a decrease of RMB166,785,000 in net cash outflow for the Period as compared with the same period last year; the increase in inventories resulted in a decrease of RMB21,875,000 in the cash outflow for the Period as compared with the same period last year; the increase in contract liabilities resulted in an increase of RMB28,753,000 in the cash inflow for the Period as compared with the same period last year; the increase in trade and other payables resulted in an increase of RMB423,305,000 in

cash inflow for the Period as compared with the same period last year; the increase in non-current payments in advance resulted in the increase of RMB160,007,000 in cash outflow for the Period as compared with the same period last year; the decrease in deferred income resulted in the decrease of RMB9,668,000 in cash outflow for the Period as compared with the same period last year; the decrease in payables to ultimate holding company resulted in the decrease of RMB74,000 in cash inflow for the Period as compared with the same period last year.

Net cash inflow from investing activities of the Group amounted to RMB2,572,644,000 (the same period in 2022 (restated): net cash outflow of RMB112,328,000), representing a decrease in net cash outflow of RMB2,684,972,000 as compared with the same period last year, mainly due to an increase of RMB26,797,000 in cash outflow from the purchase of items of property, plant and equipment during the Period as compared with the same period last year; a decrease of items of RMB3,554,000 of cash outflow from the acquisition of subsidiaries during the Period as compared with the same period last year; a decrease of RMB21,839,000 in interest received during the Period as compared with the same period last year; a decrease of RMB8,209,000 in cash inflow in proceeds from disposal of financial assets at fair value through profit or loss during the Period as compared with the same period last year; a decrease of RMB858,000 in dividend income from joint ventures during the Period as compared with the same period last year; a decrease of RMB5,421,000 in cash inflow for dividends from equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss during the Period as compared with the same period last year; and an increase in the time deposits during the Period resulting in a decrease of RMB89,395,000 in cash outflow during the Period as compared with the same period last year.

Net cash outflow used in financing activities was RMB1,753,713,000 (the same period in 2022 (restated): net cash outflow of RMB1,031,102,000), representing an increase in net cash outflow of RMB722,611,000 as compared with the same period last year, which was mainly due to an increase of RMB5,754,242,000 in cash inflow from new bank loans as compared with the same period last year; a decrease of RMB52,500,000 in cash inflow from new other loans as compared with the same period last year; an increase of RMB173,827,000 in cash outflow from repayment of bank loans as compared with the same period last year; an increase of RMB249,498,000 in cash outflow from repayment of other loans as compared with the same period last year; an increase of RMB102,323,000 in cash outflow from dividend paid to the owners of the Company compared with the same period last year; a decrease of RMB109,281,000 in cash outflow from dividend paid to non-controlling shareholders as compared with the same period last year; an increase of RMB18,764,000 in cash outflow from interest paid compared with the same period last year; and an increase of RMB16,435,000 in cash inflow from capital contribution by non-controlling shareholders as compared with the same period last year; an increase of RMB5,903,000,000 in cash outflow of business combination under common control 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 2023, the Company's bank and other interest-bearing borrowings amounted to RMB37,151,068,000, all of which bore fixed interest rates. In particular, the balance of bank loans was RMB32,597,047,000, with annual interest rates ranging from 1.94% to 3.85%; the balance of sum of other loans and lease liabilities amounted to RMB3,264,021,000, with annual interest rate of 4.59% to 5.15%; the balance of medium-term notes amounted to RMB1,290,000,000, with annual interest rates ranging from 3.49% to 6.30%. The relevant balances are set out as follows:

Interest-Bearing Bank and other Loans

	Total Amount RMB'000	Within 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000
Loans from banks	32,597,047	2,871,249	7,684,363	22,041,435
Other loans and lease liabilities	3,264,021	789,205	2,447,424	27,392
Medium-term notes	<u>1,290,000</u>	<u>–</u>	<u>1,290,000</u>	<u>–</u>
Total (as at 30 June 2023 (unaudited))	<u>37,151,068</u>	<u>3,660,454</u>	<u>11,421,787</u>	<u>22,068,827</u>
Total (as at 31 December 2022 (restated))	<u>31,953,639</u>	<u>2,365,977</u>	<u>9,933,135</u>	<u>19,654,527</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 2023, the balance of the syndicated loan for the project was RMB1,473 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- and long-term loan of RMB4,950 million. Such loan is specially used for construction of Suiguang Expressways BOT Project. As at 30 June 2023, the balance of the syndicated loan for the project amounted to RMB4,040 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 2023, the balance of the syndicated loan for the project amounted to RMB2,570 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 2023, the balance of the syndicated loan for the project was RMB5,909 million.

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 2023, the balance of the syndicated loan for the project was RMB2,889 million.

In 2020, China Development Bank (Sichuan Branch) as leader formed a bank consortium with other six banks carrying out businesses in the PRC, which signed a loan contract with the Company for a medium- and long-term loan of RMB9,809 million. Such loan is specially used for the financing rearrangement for the Second Ring (Western) Expressway loan. As at 30 June 2023, the balance of the syndicated loan for the project amounted to RMB9,099 million.

Pledge of assets

As at 30 June 2023, the concession right of the Group to collect toll pertaining to Chengle Expressway with net carrying value of RMB11,272,784,000 (31 December 2022 (restated): RMB10,549,429,000) was pledged to secure the syndicated loan amounting to RMB5,909,230,000 (31 December 2022: RMB4,825,230,000); the concession right to collect toll pertaining to Chengren Expressway with net carrying value of RMB6,002,469,000 (31 December 2022: RMB6,102,008,000) was pledged to secure the syndicated loan amounting to RMB1,472,999,000 (31 December 2022: RMB1,555,004,000); the concession right to collect toll pertaining to Suiguang-Suixi Expressways with net carrying value of RMB11,246,212,000 (31 December 2022: RMB11,099,484,000) was pledged to secure the syndicated loan amounting to RMB6,610,000,000 (31 December 2022: RMB6,810,000,000); the concession right to collect toll pertaining to Tianqiong Expressway with net carrying value of RMB4,207,342,000 (31 December 2022: RMB3,012,674,000) was pledged to secure the syndicated loan amounting to RMB2,889,118,000 (31 December 2022: RMB1,970,226,000); the concession right to collect toll pertaining to the Second Ring (Western) Expressway with net carrying value of RMB13,287,801,000 (31 December 2022 (restated): RMB13,398,517,000) was pledged to secure the syndicated loan amounting to RMB9,099,000,000 (31 December 2022 (restated): RMB9,104,000,000).

Save as disclosed above, the Group did not have any other contingent liabilities, pledge of assets or guarantees as at 30 June 2023.

BUSINESS DEVELOPMENT PLAN

Based on the forecast and judgement of future economic situation, policy environment and developments of the industry and our business in the second half of 2023, we have formulated the following work plan with a focus on the basic development ideas of “14th Five-Year” Plan and business objectives for the year of 2023:

1. Focusing on value creation and gathering momentum steadily for stable development.

On one hand, the Company adheres to core idea of “focusing on main business and optimising main business”, and continued to consolidate the main position of the highway investment, construction and operation segment. Firstly, focusing on value creation to generate incremental growth, the Company actively explores new high-quality road products projects to consolidate and grow the scale of its main business. Secondly, the Company promoted scientific construction to protect the stock, and ensured the expansion of high-speed road products and the construction of orderly progress through scientific research innovation, and efficient management. Thirdly, the Company paid attention to the daily management and maintenance to secure stable income, and did a good job of independent operation and maintenance, attracting traffic to increase income, and consolidated the positive momentum of tolls. Fourthly, the Company expanded the highway derivative economy to help development, explored business innovation and model innovation to lay stress on differentiated competitive advantages, and developed in multiple directions around the construction of characteristic service areas, urban and rural infrastructure industry development, energy business layout and multimodal transport service system.

On the other hand, the Company adheres to the principle of “Increasing Volume, Expanding Capacity and Improving Efficiency”, and promotes the gradual layout of the new energy industry. The Company seized industry opportunities, and strives to build an industrial cluster of “charging, battery bank + battery replacement, hydrogen energy” through facilities operation, equity investment and other means relying on the Company’s main business advantages of road network; explores new business cooperation models with industry leaders to develop other new energy businesses, seeks development space in the upstream, downstream and multiple links of the green energy industry chain, and gradually builds an industrial ecosystem.

2. Deepening cost control and quality improvement and making efforts to improve the performance level.

Focusing on quality and efficiency, the Company strengthens high-quality operation capability and enhances the level of market-oriented operation; establishes a long-term mechanism for cost control and efficiency enhancement, and strengthens cost control in three dimensions, including key control, balanced expenditure, and comprehensive suppression; continues to revitalize the stock assets, and conducts a comprehensive inventory of the Company's inefficient and ineffective assets and idle assets, so as to promote a steady improvement in performance level.

3. Planning for market value management and establishing a good market image.

The Company promotes capital operation actively, explores and researches multi-form capital operation means to enhance the development advantages of the Company; strengthens investor relations management, creates efficient and smooth communication channels by setting up specialised personnel and posts, establishing a shareholder information database, and strengthening exchanges and interactions in the securities market, etc., so as to ensure the effective transmission of corporate value and establish a good market image of the Company.

4. Strengthening risk management and regulating corporate behaviour.

The Company strengthens the whole process management of investment projects, improves the supporting system, and effectively prevents business risks; accelerates the collection of accounts receivable, does a good job of debt risk resolution, and effectively prevents financial risks; improves the compliance and internal control system, adheres to the bottom line and does a good job of risk containment, and strictly prevents internal control risks.

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 2023, details of the Group's employees were as follows:

Number of in-service employees of the Company (including its branches)	2,268
Number of in-service employees of major subsidiaries	<u>2,335</u>
Total number of in-service employees	<u><u>4,603</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	3,231
Sales	0
Technical	663
Financial	136
Administrative	<u>573</u>
Total	<u><u>4,603</u></u>

Education level

Type of Education Level	Number of employees
Postgraduate	229
University graduate	1,735
Junior college graduate	1,823
Technical secondary school and below	816
Total	<u>4,603</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 RMB317,939,000, of which approximately RMB156,359,000 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 19,559 attendances of the Group's employees was recorded for the above training courses, while a total of 8,831 attendances of employees of the Company (including its branches) was recorded for the same mentioned above.

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. Up 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 at 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, Mr. Yan Qixiang and Mr. Zhang Qinghua, 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 2023.

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.

EVENTS AFTER THE REPORTING PERIOD

Reference is made to the announcement of the Company dated 12 June 2023 in relation to the resignation of independent non-executive Director of the Company, Mr. Yan Qixiang has tendered his resignation from the positions as an independent non-executive Director of the Company, a member of the Audit Committee and a member of the Nomination Committee due to personal work changes. The resignation of Mr. Yan Qixiang shall be effective upon the newly appointed independent non-executive Director having been elected by the Company. Until then, Mr. Yan Qixiang will continue to perform his duties as an independent non-executive Director of the Company and a member of the relevant specialized committees under the Board in accordance with relevant laws, regulations and the articles of association of the Company.

Reference is made to the announcement of the Company dated 28 August 2023 in relation to the resignation of executive Director of the Company, Madam Xue Min has tendered her resignation from the position as an executive Director of the Company due to change in her work arrangements, with effect from 28 August 2023.

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 2023 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)
Second Ring (Western) Expressway	West Section of Chengdu Second Ring Expressway
Suiguang Expressway	Sichuan Suiguang (Suining – Guang’an) Expressway
Suixi Expressway	Sichuan Suixi (Suining – Xichong) Expressway
Tianqiong Expressway	Tianqiong (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)
Rongcheng Second Ring Company	Sichuan Rongcheng Second Ring Expressway Development Co., Ltd.* (四川蓉城第二繞城高速公路開發有限責任公司)

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 2023
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 Expressway	Sichuan Shudao Expressway Group Co., Ltd.* (四川蜀道高速公路集團有限公司)
Shudao Financial Leasing Company	Shudao Financial Leasing (Shenzhen) Company Limited (formerly known as “Chengyu Financial Leasing Company Limited”, and “Chengyu Financial Leasing Company” for short name)
Shudao Investment	Shudao Investment Group Co., Ltd., the controlling shareholder of the Company
SRB Group	Sichuan Road and Bridge Construction Group Company Limited* (四川公路橋樑建設集團有限公司)
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
29 August 2023

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. Wu Xinhua (Vice Chairman), Mr. Li Chengyong and Mr. Chen Chaoxiong as non-executive Directors, Mr. Yu Haizong, Mr. Yan Qixiang, Madam Bu Danlu and Mr. Zhang Qinghua as independent non-executive Directors.

* For identification purpose only