

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**Chengdu Expressway Co., Ltd.**  
**成都高速公路股份有限公司**

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

**(Stock Code: 01785)**

**2023 ANNUAL RESULTS ANNOUNCEMENT**

The board of directors (the “**Board**”) of Chengdu Expressway Co., Ltd. (the “**Company**”) hereby announces the audited results announcement of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2023. This announcement, containing the full text of the 2023 Annual Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to the information to accompany preliminary announcement of annual results and has been reviewed by the Audit and Risk Management Committee under the Board of the Company. The printed version of the Company’s 2023 Annual Report will be despatched to the registered holders of H shares of the Company and published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chengdugs.com](http://www.chengdugs.com)) on or before 30 April 2024.

On behalf of the Board  
**Chengdu Expressway Co., Ltd.**  
**Yang Tan**  
*Chairman*

Chengdu, the PRC, 27 March 2024

*As at the date of this announcement, the Board comprises Mr. Yang Tan, Mr. Xia Wei and Mr. Ding Dapan as executive Directors, Ms. Wu Haiyan as non-executive Director, and Mr. Leung Chi Hang Benson, Mr. Qian Yongjiu and Mr. Wang Peng as independent non-executive Directors.*

# CONTENTS

*Page*

<b>2</b>	Definitions
<b>9</b>	Group Profile
<b>12</b>	Group Structure
<b>15</b>	Major Events During the Reporting Period
<b>18</b>	Financial and Operational Highlights
<b>20</b>	Chairman’s Statement
<b>25</b>	Management Discussion and Analysis
<b>38</b>	Biographical Details of Directors, Supervisors and Senior Management
<b>52</b>	Corporate Governance Report
<b>73</b>	Directors’ Report
<b>110</b>	Report of the Supervisory Committee
<b>115</b>	Environmental, Social and Governance Report
<b>175</b>	Independent Auditor’s Report
<b>180</b>	Consolidated Balance Sheet
<b>182</b>	Consolidated Income Statement
<b>183</b>	Consolidated Statement of Changes in Equity
<b>185</b>	Consolidated Statement of Cash Flows
<b>187</b>	Balance Sheet of the Company
<b>189</b>	Income Statement of the Company
<b>190</b>	Statement of Changes in Equity of the Company
<b>191</b>	Statement of Cash Flows of the Company
<b>193</b>	Notes to Financial Statements
<b>369</b>	Corporate Information



# DEFINITIONS

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

“A-share Prospectus”	the prospectus in relation to the initial public offering of Renminbi-denominated ordinary shares (A shares) and listing the same on the main board of the SSE (application proof)
“AGM”	the annual general meeting of the Company to be held on 28 May 2024
“Ande North Service Area”	North Petrol Station of Ande Service Area of Chengguan Expressway of Chengdu Expressway Zhenxing Development Co., Ltd. (成都高速振興發展有限責任公司成灌高速公路安德服務區北加油站), a branch of a company incorporated in the PRC with limited liability and a branch of Zhenxing Company
“Ande South Service Area”	South Petrol Station of Ande Service Area of Chengguan Expressway of Chengdu Expressway Zhenxing Development Co., Ltd. (成都高速振興發展有限責任公司成灌高速公路安德服務區南加油站), a branch of a company incorporated in the PRC with limited liability and a branch of Zhenxing Company
“Articles of Association”	the articles of association of the Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Battery Services-Communications Investment”	Chengdu Battery Services-Communications Investment Energy Technology Co., Ltd. (成都電服交投能源科技有限公司), a company incorporated in the PRC with limited liability and a 48%-owned joint venture of Energy Development Company
“Board”	the board of Directors of the Company
“Cangba Expressway”	a section of Sichuan Chengmian Cangba Expressway designated to be operated and managed by Operation Company, starting from Cangxi County of Guangyuan and ending at Bazhong
“charging pile(s)”	charging equipment that provides charging service for electric vehicles, primarily including floor-mounted charging piles and wall-mounted charging piles with fees to be charged based on the time, power consumption or pre-determined price for charging
“Chengbei Exit Expressway Company”	Chengdu Chengbei Exit Expressway Co., Ltd. (成都城北出口高速公路有限公司), a company incorporated in the PRC with limited liability, which is an associate of the Company with 40% of its equity interests held by the Company

## DEFINITIONS

“Chengdu Airport Expressway Company”	Chengdu Airport Expressway Co., Ltd. (成都機場高速公路有限責任公司), a company incorporated in the PRC with limited liability, which is a non-wholly-owned subsidiary of the Company with 55% of its equity interests held by the Company
“Chengdu Communications Investment”	Chengdu Communications Investment Group Co., Ltd. (成都交通投資集團有限公司), a company incorporated in the PRC with limited liability on 16 March 2007, which is one of the controlling shareholders of the Company
“Chengdu Communications Investment Group”	Chengdu Communications Investment and its subsidiaries, excluding the Group for the purpose of the section headed “Directors’ Report”
“Chengdu Jiaoyun CNG”	Chengdu Jiaoyun Compressed Natural Gas Development Co., Ltd. (成都交運壓縮天然氣發展有限公司), a company incorporated in the PRC with limited liability and a 25%-owned associate of Energy Development Company
“Chengdu Jiuhe”	Chengdu Jiuhe Oil Management Co., Ltd. (成都九河石油經營有限公司), a company incorporated in the PRC with limited liability and a 43%-owned associate of Energy Development Company
“Chengdu Tongneng”	Chengdu Tongneng Compressed Natural Gas Co., Ltd. (成都通能壓縮天然氣有限公司), a company incorporated in the PRC with limited liability and a 30%-owned associate of Energy Development Company
“Chengguan Expressway Company”	Chengdu Chengguan Expressway Co., Ltd. (成都成灌高速公路有限責任公司), a company incorporated in the PRC with limited liability on 25 August 1998, the predecessor of the Company
“Chengluo Petrol Station”	Chengdu Xinyuanli Chengluo Petrol Station Co., Ltd. (成都新源里成洛加油站有限責任公司), formerly known as Chengdu Municipal Shiling Petrol Station (成都市市政十陵加油站), which has changed from a collectively-owned enterprise to an incorporated enterprise in January 2024, and is a 100%-owned subsidiary of Huamin Petrol Station and currently under entrusted management by Xinyuanli Energy
“Chengmian Cangba”	Sichuan Chengmian Cangba Expressway Co., Ltd. (四川成綿蒼巴高速公路有限責任公司), a company incorporated in the PRC with limited liability, with its 40% equity interest indirectly held by Shudao Group through Sichuan Expressway Construction and Development Group Co., Ltd.
“Chengming Expressway Company”	Sichuan Chengming Expressway Co., Ltd. (四川成名高速公路有限公司), a company incorporated in the PRC with limited liability, which is a non-wholly owned subsidiary of the Company with 51% of its equity interests held by the Company

## DEFINITIONS

“Chengpeng Expressway Company”	Chengdu Chengpeng Expressway Co., Ltd. (成都成彭高速公路有限責任公司), a company incorporated in the PRC with limited liability, which is a wholly-owned subsidiary of the Company
“Chengwenqiong Expressway Company”	Chengdu Chengwenqiong Expressway Co., Ltd. (成都成溫邛高速公路有限公司), a company incorporated in the PRC with limited liability, which is a wholly-owned subsidiary of the Company
“Chengwenqiong Expressway Expansion Construction Project”	the expansion and renovation construction project of Chengdu-Wenjiang-Qionglai expressway
“Chengyu Expressway Company”	Sichuan Expressway Company Limited (四川成渝高速公路股份有限公司), a joint stock company incorporated in the PRC with limited liability, a substantial shareholder of Chengdu Airport Expressway Company and a controlling shareholder of Chengbei Exit Expressway Company
“Communications Investment Construction and Management”	Chengdu Communications Investment Transportation Construction and Management Group Co., Ltd. (成都交投交通建設管理集團有限公司), formerly known as Chengdu Expressway Construction and Development Co., Ltd. (成都高速公路建設開發有限公司), a company incorporated in the PRC with limited liability, which is one of the controlling shareholders of the Company
“Communications Investment Energy”	Chengdu Communications Investment Energy Development Co., Ltd. (成都交投能源發展有限公司), a company incorporated in the PRC with limited liability, which is a subsidiary of Energy Development Company with 55% of its equity interests held by Energy Development Company
“Company”	Chengdu Expressway Co., Ltd. (成都高速公路股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed and traded on the Stock Exchange
“Company Law”	the Company Law of the PRC (《中華人民共和國公司法》)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules, in this report refers to Chengdu Communications Investment and Communications Investment Construction and Management
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB

## DEFINITIONS

“Energy Development Company”	Chengdu Energy Development Co., Ltd. (成都能源發展股份有限公司), a joint stock company incorporated in the PRC with limited liability, which is held by the Company as to 94.49% (its remaining 5.51% equity interests are held by Chengdu Communications Investment Property Company Limited, an indirect wholly-owned subsidiary of Chengdu Communications Investment) and became a non-wholly-owned subsidiary of the Company on 12 August 2020
“Expressway Property”	Sichuan Expressway Property Service Co., Ltd. (四川高路物業服務有限公司), a company incorporated in the PRC with limited liability and a subsidiary indirectly held by Shudao Group
“Gaoxin West Service Area”	Petrol Station of Gaoxin West Service Area of Chengguan Expressway of Chengdu Expressway Co., Ltd. (成都高速公路股份有限公司成灌高速高新西服務區加油站), a branch of a company incorporated in the PRC with limited liability and a branch of Zhongyou Energy
“GDP”	gross domestic product
“Group”	the Company and its subsidiaries from time to time
“H Share(s)”	overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and are approved to be listed and traded on the Stock Exchange
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Huamin Petrol Station”	Chengdu Xinyuanli Huamin Petrol Station Co., Ltd. (成都新源里華民加油站有限責任公司), formerly known as Chengdu Huamin Municipal Petrol Station (成都市華民市政加油站), which has changed from a collectively-owned enterprise to an incorporated enterprise in December 2023, and is a 100%-owned subsidiary of Chengdu Communications Investment and currently under entrusted management by Xinyuanli Energy
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“MOT”	Ministry of Transport of the People’s Republic of China

# DEFINITIONS

“New Energy Company”	Chengdu Communications Investment New Energy Industrial Development Co., Ltd. (成都交投新能源產業發展有限公司), a company incorporated in the PRC with limited liability, which is an associate of Energy Development Company with 51% of its equity interest held by Energy Development Company
“Operation Company”	Chengdu Expressway Operation Management Co., Ltd. (成都高速運營管理有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company with 100% of its equity interests held by the Company
“PetroChina”	PetroChina Company Limited (中國石油天然氣股份有限公司), a joint stock company incorporated in the PRC with limited liability
“PetroChina Chengdu Sales Branch”	PetroChina Company Limited Sichuan Chengdu Sales Branch (中國石油天然氣股份有限公司四川成都銷售分公司), a branch of PetroChina
“PetroChina Sichuan Sales Branch”	PetroChina Company Limited Sichuan Sales Branch (中國石油天然氣股份有限公司四川銷售分公司), a branch of PetroChina
“Reporting Date”	the date on which the 2023 annual report of the Company was approved by the Board, being 27 March 2024
“Reporting Period”	the year ended 31 December 2023
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the share(s) of the Company, including Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s) of the Company
“Shudao Group”	Shudao Investment Group Co., Ltd. (蜀道投資集團有限責任公司), a company incorporated in the PRC with limited liability
“Sinopec Chengdu Energy”	Sinopec Chengdu Energy Co., Ltd. (中石化成都能源有限公司), a company incorporated in the PRC with limited liability and a joint venture company with 50% of its equity interest held by Energy Development Company
“SSE”	the Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company

## DEFINITIONS

“Teld”	Chengdu Teld New Energy Co., Ltd. (成都特來電新能源有限公司), a company incorporated in the PRC with limited liability and a 16%-owned associate of Energy Development Company
“Tongneng Jinfu”	Chengdu Tongneng Jinfu Natural Gas Co., Ltd. (成都通能金府天然氣有限公司), a company incorporated in the PRC with limited liability and a 100%-owned subsidiary of Chengdu Tongneng
“Xinfan Service Area”	Petrol Station of Xinfan Service Area of Chengdu Chengpeng Expressway Co., Ltd. (成都成彭高速公路有限責任公司新繁服務區加油站), a branch of a company incorporated in the PRC with limited liability and a branch of Chengpeng Expressway Company
“Xinhua Petrol Station”	Chengdu Xinyuanli Xinhua Petrol Station Co., Ltd. (成都新源里新華加油站有限責任公司), formerly known as Chengdu Xinhua Petrol Station (成都市新華加油站), which has changed from an enterprise owned by the whole people (全民所有制企業) to an incorporated enterprise in December 2023, which is a 100%-owned subsidiary of Chengdu Communications Investment and currently under entrusted management by Xinyuanli Energy
“Xinyuanli Energy”	Chengdu Xinyuanli Energy Management Co., Ltd. (成都新源里能源管理有限責任公司), formerly known as Chengdu Communications Investment Energy Operation and Management Co., Ltd. (成都交投能源經營管理有限責任公司), a company incorporated in the PRC with limited liability and a 100%-owned subsidiary of Energy Development Company
“Yanchang Shell”	Yanchang Shell (Sichuan) Petroleum Co., Ltd. (延長殼牌(四川)石油有限公司), a company incorporated in the PRC with limited liability
“Zhenxing Company”	Chengdu Expressway Zhenxing Development Co., Ltd. (成都高速振興發展有限責任公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company with 80% of its equity interests held by the Company
“Zhenxing Gaoxin Branch”	Gaoxin District Branch of Chengdu Expressway Zhenxing Development Co., Ltd. (成都高速振興發展有限責任公司高新區分公司), a branch of a company incorporated in the PRC with limited liability and a branch of Zhenxing Company
“Zhongyou Energy”	Chengdu Zhongyou Energy Co., Ltd. (成都中油能源有限公司), a company incorporated in the PRC with limited liability, which is a subsidiary of Energy Development Company with 51% of its equity interests held by Energy Development Company
“Zhongyou Jieneng”	Zhongyou Jieneng (Chengdu) Environmental Protection Technology Co., Ltd. (中油潔能(成都)環保科技有限責任公司), a company incorporated in the PRC with limited liability, which is a subsidiary of Chengdu Tongneng with 52.51% of its equity interest held by Chengdu Tongneng



# DEFINITIONS

## GLOSSARY OF TECHNICAL TERMS

“Batch Payment Model”	a toll collection model only applicable to all vehicles with local licenses on Chengwenqiong Expressway which can pass through the toll plazas on this expressway without toll payment. The relevant local government, instead, pays the Group toll fees pursuant to the batch payment agreement entered with Chengwenqiong Expressway Company
“crude oil”	unprocessed oil extracted directly from oil wells
“daily weighted average traffic volume”	represents the summation of the daily traffic volume and mileage of each section of expressways, i.e. the section from an expressway toll station to the next toll station, divided by the sum of the mileage. For Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Qiongming Expressway and Chengdu Airport Expressway, the daily traffic volume includes the number of vehicles leaving the expressway’s toll plazas, the number of vehicles entering the expressway but leaving from other expressways, and the number of vehicles passing by but not entering the expressways or leaving from the expressway’s toll plazas, but excluding vehicles entitled to toll-free treatment such as vehicles using the expressway during national holidays and, for Chengdu Airport Expressway, also excluding vehicles that have purchased annual tickets. The traffic volume of Chengwenqiong Expressway has taken into account the traffic volume under the Batch Payment Model
“natural gas”	compressed natural gas
“refined oil”	petrol (except aviation gasoline), kerosene (except aviation kerosene), diesel fuel and other alternative fuels such as ethanol fuel and biodiesel that comply with national product quality standards and serve the same purposes
“Standard Toll Collection Model”	a toll collection model that requires payment at the time of passing-through and is applicable to all the vehicles on the expressways of the Group that are not eligible for the Batch Payment Model

## GROUP PROFILE

The Group is principally engaged in the operation, management and development of expressways (including service areas thereunder) located in and around Chengdu, Sichuan Province and retailing of refined oil. Meanwhile, the Group also expands to CNG business. Business operations of the Group are therefore categorised into “expressway” and “energy” two segments.

The “expressway” segment constitutes the traditional principal business of the Group. As at the Reporting Date, the Group owned 5 expressways, i.e., Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Qiongming Expressway and Chengdu Airport Expressway, covering a total network mileage of 192.02 kilometres. Centered around Chengdu and stretching to the southwest, northwest, west and north, the above expressways are part of the roads surrounding Chengdu and play a key role in connecting the internal roads of Chengdu as well as the national and provincial highways into and out of Sichuan Province. In addition, the Company undertook the operation and management business of Chengdu Tianfu International Airport Expressway (“Tianfu Airport Expressway”), Pujiang-Dujiangyan Section of Chengdu Economic Zone Ring Expressway (“Pudu Expressway”), and Cangba Expressway (undertook in December 2023). By then, the total mileage (inclusive of the sections under entrusted management) of expressways operated by the Group reached 474.77 kilometres.

The “energy” segment was consolidated into the Group on 12 August 2020, where Energy Development Company acts as the investor to conduct operation of refined oil and CNG through its subsidiaries, joint venture and associates. As of the Reporting Date, 26 petrol stations of the Group were in operation, 4 gas stations of the Group were in construction (including the stations which have completed construction and are yet to commence operation), and 3 petrol stations, i.e. Xinhua Petrol Station and Huamin Petrol Station (including Chengluo Petrol Station thereunder) were under entrusted operation and management. All of such petrol stations and gas stations are located in and around Chengdu, Sichuan Province.

In recent years, the expressways (including service teams), service areas and petrol stations operated and managed by the Group have secured remarkable performance in security and quality service.

As at the end of the Reporting Period, total assets of the Group reached RMB9.25 billion.

# GROUP PROFILE

## OVERVIEW OF THE “EXPRESSWAY” SEGMENT

### Expressways Owned

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

### Expressways under Entrusted Management

- Tianfu Airport Expressway is an important section of the S3 Provincial Highway, as well as the main expressway from Chengdu to Chengdu Tianfu International Airport.
- Pudu Expressway refers to the section between Pujiang and Dujiangyan of Chengdu Economic Zone Ring Expressway, which is an important part of Chengdu Economic Zone Ring Expressway.
- Cangba Expressway is an important part of the S1 Provincial Highway. It is a vital transportation artery that connects the Chengdu Plain Economic Zone with the Northeast Sichuan Economic Zone.

# GROUP PROFILE

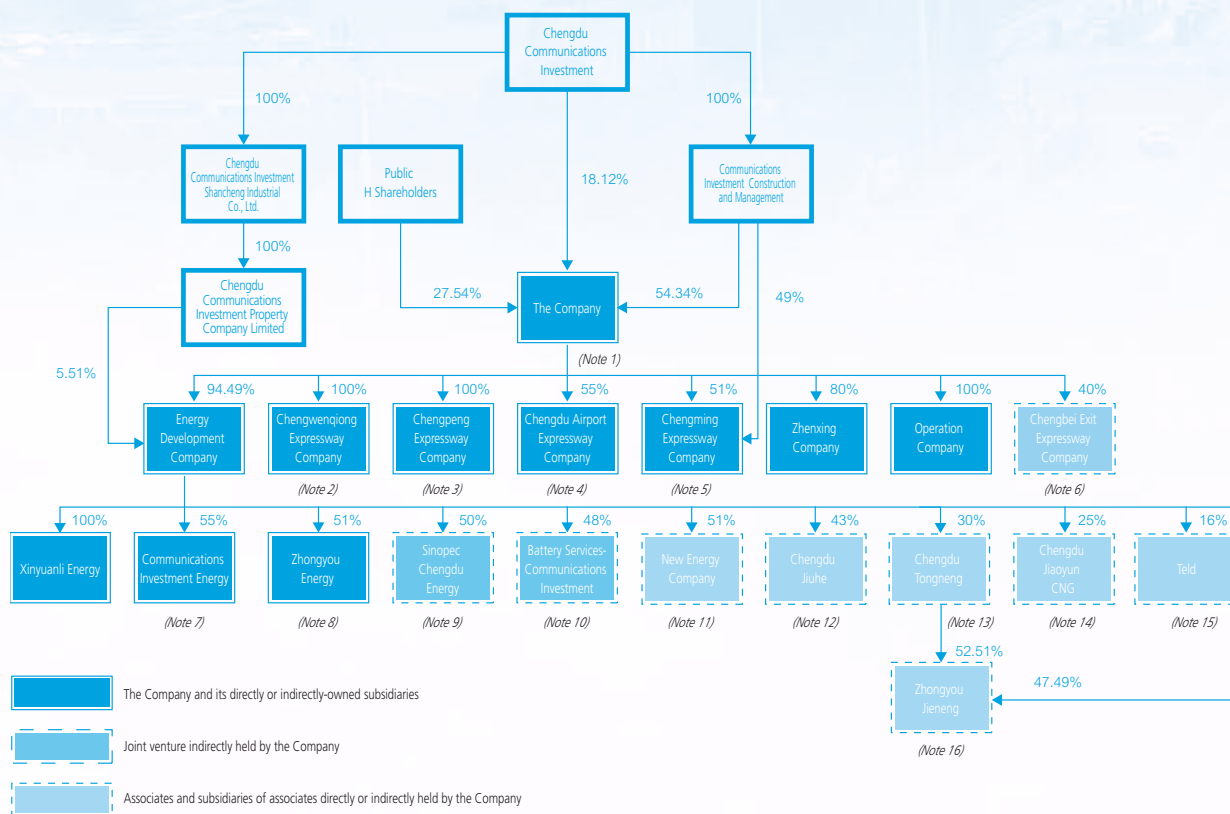
## OVERVIEW OF THE “ENERGY” SEGMENT

As of the Reporting Date, Energy Development Company has 3 subsidiaries, being Zhongyou Energy, Communications Investment Energy and Xinyuanli Energy and 10 joint venture and associates, including Sinopec Chengdu Energy and Chengdu Tongneng through direct and indirect shareholding.

- Refined oil business. The Group engages in refined oil business mainly through the subsidiaries of Energy Development Company, namely Communications Investment Energy, Zhongyou Energy and Xinyuanli Energy.
- Natural gas business. The Group engages in natural gas business mainly through Energy Development Company and its subsidiary Zhongyou Energy.
- New energy business. The Group engages in new energy business mainly through Xinyuanli Energy, a subsidiary of Energy Development Company.

# GROUP STRUCTURE

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



## Notes:

As of the Reporting Date:

- The Company holds 100% interests in Chengguan Expressway.
- The Company holds 100% interests in Chengwenqiong Expressway through Chengwenqiong Expressway Company.
- The Company holds 100% interests in Chengpeng Expressway through Chengpeng Expressway Company
- The Company holds 55% interests in Chengdu Airport Expressway through Chengdu Airport Expressway Company and its remaining 45% interests are held by Chengyu Expressway Company and Sichuan Xinneng Real Estate Limited (四川新能置業有限公司) as to 25% and 20%, respectively.
- The Company holds 51% interests in Qiongming Expressway through Chengming Expressway Company and its remaining 49% equity interests are held by Communications Investment Construction and Management.
- The Company holds 40% interests in Chengbei Exit Expressway through Chengbei Exit Expressway Company, an associate and its remaining 60% interests are held by Chengyu Expressway Company.
- Communications Investment Energy is held as to 55% by Energy Development Company, and its remaining 45% equity interests are held by Yanchang Shell.

## GROUP STRUCTURE

8. Zhongyou Energy is held as to 51% by Energy Development Company, and its remaining 49% equity interests are held by PetroChina.
9. Sinopec Chengdu Energy is held as to 50% by Energy Development Company, and its remaining 50% equity interests are held by Sinopec Sales Company Limited (中國石化銷售股份有限公司).
10. Battery Services-Communications Investment is held as to 48% by Energy Development Company, and its remaining 52% equity interests are held by Times Battery Services Technology Co., Ltd. (時代電服科技有限公司).
11. New Energy Company is held as to 51% by Energy Development Company, and its remaining 49% equity interests are held by Sichuan Shudian Corporation (四川蜀電集團有限公司) and Chengdu Bus Asset Management Co., Ltd. (成都公交資產經營管理有限公司) as to 34% and 15%, respectively.
12. Chengdu Jiuhe is held as to 43% by Energy Development Company, and its remaining 57% equity interests are held by Chengdu Rongtai Industry Corporation (成都榮泰實業總公司).
13. Chengdu Tongneng is held as to 30% by Energy Development Company, and its remaining 70% equity interests are held as to 55% and 15% by Chengdu Zhengtong Hengsheng Enterprise Management Co., Ltd. (成都正通恆盛企業管理有限公司) and Chengdu Luneng Compressed Natural Gas Co., Ltd. (成都魯能壓縮天然氣有限責任公司), respectively.
14. Chengdu Jiaoyun CNG is held as to 25% by Energy Development Company, and its remaining 75% equity interests are held as to 20%, 20% and 35% by Chengdu Zhengkun Technology Co., Ltd. (成都正昆科技有限責任公司), PetroChina and Chengdu Bus Compressed Natural Gas Co., Ltd. (成都公交壓縮天然氣股份有限公司), respectively.
15. Teld is held as to 16% by Energy Development Company, and its remaining 84% equity interests are held by Teld New Energy Co., Ltd. (特來電新能源股份有限公司) and Chengdu Advanced Manufacturing Industry Investment Co., Ltd. as to 66% and 18%, respectively.
16. Zhongyou Jieneng is held as to 47.49% by Energy Development Company, and its remaining 52.51% equity interests are held by Chengdu Tongneng.

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

No.	Name of Expressway	Percentage of Ownership	Expressway held		Number of Toll Stations	Commencement of Operation	Expiration
			Length (km)	Number of Lanes			
1	Chengguan Expressway	100%	40.44	6	7	July 2000	July 2030
2	Chengpeng Expressway	100%	21.32	6/8	4	November 2004	October 2033
3	Chengwengqiong Expressway	100%	65.60	4/6 <sup>(1)</sup>	12	January 2005	January 2035
4	Chengdu Airport Expressway	55%	11.98	4	1	July 1999	December 2024
5	Qiongming Expressway	51%	52.68	4	5	November 2010	November 2038

# GROUP STRUCTURE

No.	Name of Expressway	Percentage of Ownership	Expressway under entrusted management			Commencement of Operation	Expiration
			Length (km)	Number of Lanes	Number of Toll Stations		
1	Tianfu Airport Expressway	-	88.25	6/8	8	March 2022	September 2051
2	Pudu Expressway	-	101.42	6	11	September 2021	March 2051
3	Cangba Expressway	-	93.08 <sup>(2)</sup>	4	7	N/A <sup>(3)</sup>	N/A <sup>(3)</sup>

*Note 1.* The number of lanes 4/6 indicates that this section of the expressway has 4 lanes in some parts and 6 lanes in other parts and the number of lanes 6/8 shall be interpreted accordingly.

*Note 2.* As of the Reporting Date, 50.05 kilometers of the Cangba Expressway had not yet been officially completed and opened to traffic.

*Note 3.* Not yet obtained approval from the Sichuan Provincial Transportation Department and the Sichuan Provincial Development and Reform Commission for toll collection.

**The table below sets forth the information of the Group's refined oil operation stations as at the Reporting Date:**

Company Name	Date of Incorporation	Principal Business	Number of Stations Operated (In Operation)
Zhongyou Energy	19 June 2009	Operation of refined oil and CNG	18 petrol stations
Communications Investment Energy	15 November 2010	Operation of refined oil	5 petrol stations
Xinyuanli Energy	18 December 2020	Operation of refined oil	4 petrol stations (including 3 petrol stations under entrusted operation and management)
Zhenxing Company	28 February 2020	Operation of refined oil	2 petrol stations

# MAJOR EVENTS DURING THE REPORTING PERIOD

## SUCCESSFUL ISSUANCE OF ULTRA-SHORT-TERM DEBENTURES

In order to optimize the financial structure to reduce finance costs, and broaden the financing channels and meet the needs of operation and development, on 21 February 2023, the Company successfully issued the 2023 first tranche of ultra-short-term debentures in an amount of RMB300 million for a term of 180 days and at a coupon rate of 2.8%. For details, please refer to the overseas regulatory announcement of the Company dated 21 February 2023.

## INVESTMENT IN THE CHENGWENQIONG EXPRESSWAY EXPANSION CONSTRUCTION PROJECT

At the annual general meeting held on 12 May 2023, the Shareholders of the Company considered and approved the Company's investment in the Chengwenqiong Expressway Expansion Construction Project, for which the Company acts as the project investor and Chengwenqiong Expressway Company acts as the project owner to carry out financing and construction. For details, please refer to the announcements of the Company dated 12 May 2023 and 1 March 2023, as well as the circular of the Company dated 14 April 2023.

## APPOINTMENT OF CHAIRMAN OF THE BOARD

Upon consideration and approval by the Board on 7 June 2023, Mr. Yang Tan was elected as the chairman of the Board for a term commencing from the date of election until the expiry of the second session of the Board. For details, please refer to the announcement of the Company dated 7 June 2023.

## SUCCESSFUL ISSUANCE OF MEDIUM-TERM NOTES

In order to optimize the financial structure to reduce finance costs, and broaden the financing channels and meet the needs of operation and development, on 25 July 2023, the Company successfully issued the 2023 first tranche of medium-term notes in an amount of RMB300 million for a term of 3 years and at a coupon rate of 3.0%. For details, please refer to the overseas regulatory announcement of the Company dated 25 July 2023.

## ADJUSTMENTS OF THE PLANNED UTILISATION AMOUNT OF THE PROCEEDS FROM THE PROPOSED A-SHARE OFFERING

In view of the expiry of the validity of the valuation report with a benchmark date of 30 June 2022 issued by an independent valuer with respect to the value of the total shareholders' equity of Chengming Expressway Company, the Company has engaged the independent valuer to issue a new valuation report with respect to the value of the total shareholders' equity of Chengming Expressway Company with a benchmark date of 31 December 2022 (the "Valuation Report"). Pursuant to the Valuation Report, the value of the total shareholders' equity of Chengming Expressway Company under the income approach is appraised to be RMB845.100 million, and accordingly, the reference transaction price for its 49% equity interest is estimated at RMB414.099 million. As such, the Board resolved to adjust the planned utilisation amount of the proceeds from the Proposed A-share Offering allocated to acquisition of 49% equity interest in Chengming Expressway Company from RMB450.000 million to RMB410.000 million pursuant to the authorisation granted by the Shareholders at the extraordinary general meeting, the H share class meeting and the domestic share class meeting, while the planned utilisation amount allocated to other projects to be financed with the proceeds from the Proposed A-share Offering shall remain unchanged, and the total planned utilisation amount of the proceeds to be raised from the Proposed A-share Offering will be adjusted from RMB1,200.000 million to RMB1,160.000 million accordingly.



## MAJOR EVENTS DURING THE REPORTING PERIOD

In view of the registration-based IPO reform for listing on the main board of the SSE, the Board resolved to make corresponding amendments to the A-share offering plan of the Company pursuant to relevant requirements of the IPO registration system.

For details, please refer to the announcements of the Company dated 15 September 2023, 26 October 2022 and 9 September 2022.

### EXTENSION OF THE TERM OF VALIDITY OF THE A-SHARE OFFERING PROPOSAL AND EXTENSION OF THE TERM OF AUTHORISATION TO THE BOARD TO DEAL WITH MATTERS RELATED TO THE PROPOSED A-SHARE OFFERING

As the term of validity of the A-share Offering Proposal has expired on 25 October 2023 whilst relevant work of the Proposed A-share Offering is still in progress, in order to ensure the validity and continuity of relevant work of the offering, at the extraordinary general meeting, the H share class meeting and the domestic share class meeting held on 24 October 2023, it is approved to extend the term of validity of the A-share Offering Proposal, and approved to extend the term of authorisation to the Board to deal with matters related to the Proposed A-share Offering. The extended term of the A-share Offering Authorisation and the authorisation to the Board to deal with matters related to the A-share Offering shall be 12 months commencing from 24 October 2023. Save and except for the extension of the term of the A-share Offering Authorisation and the authorisation to the Board to deal with matters related to the A-share Offering, other contents of the plan of the A-share Offering Authorisation shall remain unchanged.

For details, please refer to the announcements of the Company dated 24 October 2023 and 21 September 2023 and the circular dated 6 October 2023.

### AMENDMENTS TO THE ARTICLES OF ASSOCIATION

On 24 October 2023, as considered and approved at the extraordinary general meeting, in order to bring into full play the fundamental role of the Articles of Association in corporate governance, and facilitate the Articles of Association to be in compliance with the latest legal and regulatory requirements regarding, among other things, "incorporating provisions on the Party building, compliance and accountability into the articles of association", pursuant to the Constitution of the Communist Party of China (《中國共產黨章程》), the Working Rules for Grass-roots Organisations of State-owned Enterprises of the Communist Party of China (Trial) (《中國共產黨國有企業基層組織工作條例(試行)》) and the Notice on Publication of Administrative Measures for Formulation of Articles of Association by State-owned Enterprises (Guo Zi Fa Gai Ge Gui [2020] No. 86) (《關於印發〈國有企業公司章程制定管理辦法〉的通知》(國資發改革規[2020]86 號)) and other relevant requirements, the Company made certain amendments to the Articles of Association. For details, please refer to the announcements of the Company dated 24 October 2023 and 21 September 2023 and the circular dated 6 October 2023.

### ENTERING INTO THE CANGBA EXPRESSWAY ENTRUSTED OPERATION BUSINESS CONTRACT

On 28 December 2023, Operation Company and Chengmian Cangba entered into the entrusted operation business contract, pursuant to which Operation Company will provide operation and management services for the Cangba Expressway constructed by Chengmian Cangba for a term of two years commencing from 28 December 2023 and ending on 27 December 2025. For details, please refer to the announcement of the Company dated 28 December 2023.

# MAJOR EVENTS DURING THE REPORTING PERIOD

## AWARDS AND RECOGNITIONS

In January 2023, Chengdu Airport Expressway Company was honored as the “Chengdu Safety Culture Construction Demonstration Enterprise” by the Production Safety Committee Office of Chengdu Municipal People’s Government, and in April of the same year, the company was honored as the “National Safety Culture Construction Demonstration Enterprise” by the China Association of Work Safety.

In February 2023, Chengwenqiong Expressway Company was honored as the “Expressway with Remarkable Performance in Service Quality Enhancement Year of 2022 in Sichuan Province” by Sichuan Provincial Traffic and Transportation Comprehensive Administration and Law Enforcement Corps (Expressway Management Bureau of Department of Transportation of Sichuan Province).

In February 2023, Tianfu Airport Expressway Company, which is operated by the Company, was honored as the “2022 Sichuan Provincial Exemplary Expressway” by Sichuan Provincial Traffic and Transportation Comprehensive Administration and Law Enforcement Corps (Expressway Management Bureau of Department of Transportation of Sichuan Province).

In February 2023, Chengpeng Expressway Company was honored as the “2022 Exemplary Unit of Expressway Audit Work in Sichuan Province” by Sichuan Provincial Traffic and Transportation Comprehensive Administration and Law Enforcement Corps (Expressway Management Bureau of Department of Transportation of Sichuan Province).

In May 2023, the youth league committee of the Company was honored as the “2022 Sichuan Transportation Industry May Fourth Red Flag Youth League Committee” by the Party Committee of Sichuan Transportation Industry.

In June 2023, Xinfan Service Area of Chengpeng Expressway Company was honored as a four-star service area by Sichuan Provincial Traffic and Transportation Comprehensive Administration and Law Enforcement Corps (Expressway Management Bureau of Department of Transportation of Sichuan Province).

In July 2023, Linji Toll Station of Chengming Expressway was awarded the “2021-2022 Sichuan Youth Work Safety Demonstration Post” by the Sichuan Provincial Committee of the Communist Youth League and the Sichuan Provincial Department of Emergency Management.

In December 2023, Operation Company was honored as the “Five-star Enterprise and Institution” by Chengdu Federation of Trade Unions.

In September 2023, the “Chengdu Expressway” electromechanical maintenance team and Chengdu Management Station of the Tianfu Airport Expressway Operation and Management Center under the Company were honored with the “2021-2022 Sichuan Province Youth Civilization Award in Transportation Industry” by the Department of Transportation of Sichuan Province and the Sichuan Provincial Committee of the Communist Youth League.

In October 2023, six petrol stations under Communications Investment Energy, Zhongyou Energy and Xinyuanli Energy were honored as the 2023 “Exemplary Green Petrol Stations” in Chengdu jointly issued by Chengdu Municipal Bureau of Economy and Information Technology, Chengdu Municipal Bureau of Ecology and Environment, Chengdu Municipal Emergency Management Bureau and Chengdu Municipal Market Administration Bureau.

# FINANCIAL AND OPERATIONAL HIGHLIGHTS

## OPERATING RESULTS

	2019 <i>RMB</i> (restated)	2020 <i>RMB</i> (restated)	2021 <i>RMB</i> (restated)	2022 <i>RMB</i> (restated)	<b>2023 <i>RMB</i></b>
Revenue	2,301,384,167	2,038,352,063	2,702,370,887	2,596,622,994	<b>2,894,040,981</b>
Including:					
Revenue from the expressway segment	1,255,926,039	1,134,976,334	1,495,828,250	1,304,595,516	<b>1,593,531,284</b>
Including: Toll income	1,255,926,039	1,015,942,884	1,413,912,681	1,211,781,245	<b>1,470,432,380</b>
Revenue from the energy segment	1,045,458,128	903,375,729	1,206,542,637	1,292,027,478	<b>1,300,509,697</b>
Including: Revenue from sales of refined oil	1,045,458,128	902,157,289	1,182,382,524	1,267,936,625	<b>1,269,066,964</b>
Gross profit	872,511,316	686,561,261	1,016,469,914	871,067,371	<b>1,042,050,401</b>
Total profit	681,529,079	424,514,865	825,765,098	672,261,955	<b>806,866,677</b>
Net profit	555,567,234	375,405,240	685,058,443	560,383,133	<b>662,176,389</b>
Net profit attributable to Shareholders of the Company	485,198,075	341,381,113	614,652,615	490,148,932	<b>618,766,312</b>

## ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	2019 <i>RMB</i> (restated)	2020 <i>RMB</i> (restated)	2021 <i>RMB</i> (restated)	2022 <i>RMB</i> (restated)	<b>2023 <i>RMB</i></b>
Total assets	9,392,322,745	9,125,610,635	9,215,941,721	9,168,751,205	<b>9,254,746,976</b>
Total liabilities	4,599,564,695	4,895,499,662	4,556,306,092	4,209,133,009	<b>3,952,422,829</b>
Non-controlling interests	873,171,029	892,317,204	904,462,753	934,878,396	<b>953,679,228</b>
Total equity attributable to Shareholders of the Company	3,919,587,021	3,337,793,769	3,755,172,876	4,024,739,800	<b>4,348,644,919</b>

## EARNINGS

	2019 <i>RMB</i> (restated)	2020 <i>RMB</i> (restated)	2021 <i>RMB</i> (restated)	2022 <i>RMB</i> (restated)	<b>2023 <i>RMB</i></b>
Basic earnings per Share	0.29	0.21	0.37	0.30	<b>0.37</b>

# FINANCIAL AND OPERATIONAL HIGHLIGHTS

*Notes:*

1. Financial statements and annual results of the Group for 2022 and the twelve months ended 31 December 2023 have been prepared under China Accounting Standards for Business Enterprises.
2. With the approval of the Board, the Company made corrections to previous accounting errors during the Reporting Period, and comparative figures were corrected based on a retrospective basis. Amount subject to correction of accounting errors accounted for an insignificant portion of the Group's net assets and net profit for the comparative periods, and did not have any substantial or material impact on the Group's financial position and operating results.
3. Reclassification adjustments have been made to certain comparative figures contained in this annual report/ announcement to align with the presentation in the current period.

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I hereby present to the Shareholders the 2023 annual results of the Group.

## BUSINESS REVIEW AND DIVIDENDS

2023 marked the beginning of fully implementing the principles of the 20th National Congress of the Communist Party of China, and is also a year of transition to economic recovery and development after a three-year period in COVID-19 prevention and control. Overall, the domestic economy followed an upward trajectory of recovery and improvement. The national GDP recorded a year-on-year growth of 5.2% in 2023, while the year-on-year GDP growth for Sichuan Province and Chengdu, where this Group is located, were both 6.0%. Meanwhile, in line with the national strategy of accelerating the construction of a robust transportation network in China, the transportation industry in Sichuan Province and Chengdu demonstrated sustained development. In 2023, Sichuan Province's expressway network covered a length of 9,803 kilometers, with a total traffic volume of 930 million, representing a year-on-year increase of 20%. In particular, the local road network in Chengdu continued to expand, the capacity of the international comprehensive transportation hub continued to improve, and the transportation structure continued to optimize. As a result, residents' inclination to travel noticeably recovered. Data indicated a substantial increase in passenger volumes during major holidays such as the Spring Festival, Labor Day, and National Day in both Sichuan Province and Chengdu compared to the previous year. As of the end of September 2023, the number of motor vehicles in Chengdu had exceeded 6.3 million, ranking first in China.

In a favorable macroeconomic environment, the Group focused on its core responsibilities and principal business and strived to establish a high-quality development pattern of "consolidating the backbone and strengthening the branches and extending the presence in value chain". On one hand, efforts have been made to continuously improve the management standard of the principal business, strengthen the "Chengdu Expressway" brand, and solidify the foundation of operations. On the other hand, investments have been made to expand and renovate existing expressways, aiming to tap into the potential of existing expressway assets and actively explore extended business opportunities such as service area operations and the construction of new energy charging and battery replacement facilities, thereby enhancing the Company's sustainable development capabilities. Additionally, the Company has also focused on improving the quality as a listed company and actively promoted the progress of listing on the A share market. Overall, the Group has maintained a stable and positive development momentum throughout the year.

During the Reporting Period, the Group achieved revenue of RMB2,894,040,981 (2022: RMB2,596,622,994), representing a year-on-year increase of RMB297,417,987, or 11.5%, from 2022. In particular, revenue from the expressway segment amounted to RMB1,593,531,284, accounting for 55.1% of total revenue of the Group in 2023; and revenue from the energy segment amounted to RMB1,300,509,697, accounting for 44.9% of total revenue in 2023.

# CHAIRMAN'S STATEMENT

During the Reporting Period, the Group achieved net profit of RMB662,176,389 (2022: RMB560,383,133), representing a year-on-year increase of RMB101,793,256, or 18.2%, from 2022; net profit attributable to Shareholders of the Company of RMB618,766,312 (2022: RMB490,148,932), representing a year-on-year increase of RMB128,617,380, or 26.2%, from 2022; and basic earnings per Share of approximately RMB0.37 (2022: approximately RMB0.30), representing a year-on-year increase of 23.3%.

The Group is committed to creating steady returns for the Shareholders. The Board recommended the payment of a final cash dividend for 2023 of RMB0.168 per Share (tax inclusive), totaling RMB278,225,136 based on the current total number of Shares of the Company of 1,656,102,000. The dividend payout plan will be implemented upon approval at the AGM for 2023 to be held on Tuesday, 28 May 2024.

## 2023 BUSINESS REVIEW

### Consolidating the Business Foundations with Pragmatism and Diligence

For expressway sector, the Group continued to promote intensive, flat-structured and professional operation management model in order to continuously enhance its capabilities in operation of principal business: (i) It continued to carry out the daily maintenance, safety management, and provision of travel services of each expressway, and continuously solidified the operational management of expressways. Chengguan Expressway and Tianfu Airport Expressway managed and operated by the Group were awarded the "Exemplary Expressways of Sichuan Province for 2023". Meanwhile, in the annual evaluation of safety and service quality for 101 expressways in Sichuan Province in 2023, Chengguan Expressway, Chengdu Airport Expressway and Chengwenqiong Expressway operated and managed by the Group ranked among the top three in the evaluation, with Chengguan Expressway securing the first place in the province. The other four expressways under management and operation (Chengpeng Expressway, Qiongming Expressway, Tianfu Airport Expressway and Pudu Expressway) also ranked among the highest, achieving the best overall ratings in history. (ii) Taking advantage of major events, efforts have been made to improve the environment along the roads. On the occasion of the Chengdu World University Games, various expressways of the Group carried out road environment improvement and quality enhancement projects, resulting in further improvements in road capacity and appearance and comprehensive upgrade in the environment along the roads, and this effort was recognized by the Department of Transportation of Sichuan Province. (iii) Information technology construction has been carried out in the expressway sector to actively create intelligent toll collection "model stations". Chengguan Expressway piloted the operation of the first intelligent toll collection robot and tested the ETC pre-transaction free flow system and ETC lane AI toll collection system. Chengguan Expressway Pidu East Toll Station innovatively applied multiple cutting-edge technologies such as the Internet of Things, big data, cloud-edge collaboration, and artificial intelligence, thereby establishing a modern toll collection model featuring "cloud-based toll collection, full self-service, and cloud-based service seats".

# CHAIRMAN'S STATEMENT

For energy segment, the domestic purchase prices of refined oil increased due to the impact of international oil prices running at a medium to high level. As a result, the purchase prices of refined oil of the Group have risen compared to the previous year. Additionally, affected by the fluctuations in domestic guided prices for refined oil products, the Group experienced a narrowing price difference between wholesale and retail in the refined oil retail business during the Reporting Period, resulting in a decrease in gross profit margin. Furthermore, the development of the new energy industry has encroached on a portion of the market share of the refined oil retail sector, suppressing certain demand for refined oil consumption. In light of these circumstances, the Group actively carried out activities to enhance safety and service quality, implemented promotional campaigns, introduced performance-based incentive mechanisms for sales volume, and made efforts to expand convenience store businesses. Through these combined measures, the Group ensured revenue generation in the energy sector.

During the Reporting Period, the Group also noticed the rapid development of the new energy vehicle industry and the initiatives of Chengdu to optimize its industrial structure and promote green and low-carbon development of the city. According to relevant data, from 2020 to 2022, the number of new energy vehicles in Chengdu increased from 140,000 to 416,000, with an average annual growth rate of 72.3%, and by the end of 2023, the number of new energy vehicles in Chengdu exceeded 633,000, representing a year-on-year increase of 52%. In order to respond to the above development trend, the Group has developed its own energy brand "Xinyuanli" and explored the construction and operation of charging piles under the unit of "Low Carbon Center" during the Reporting Period, and initially set up a new energy business framework.

## **Focusing on Future Development and Promoting Expansion of Principal Business**

During the Reporting Period, the Group steadily expanded its principal business. The Group's investment in the Chengwenqiong Expressway Expansion Construction project, in which the Company is the project investor and Chengwenqiong Expressway Company, a subsidiary of the Company, is the project owner, was considered and approved at the annual general meeting of the Group held on 12 May 2023, with an estimated total investment of approximately RMB12,652 million (the Company proposed to finance the amount with its self-owned funds and bank loans). We also completed the signing of the Investment Agreement and Concession Agreement with the Chengdu Municipal Government in November 2023 for the project. Currently, the Chengwenqiong Expressway Expansion Construction project is in full swing to push forward various preliminary procedures of the project, aiming to commence construction in 2024. In addition, the Group entered into an entrusted operation contract with Chengmian Cangba on 28 December 2023 to provide operational management services for the Cangba Expressway constructed by Chengmian Cangba. This was the first time for the Group to go beyond the "Greater Chengdu" area to carry out entrusted operation business in other places. Accordingly, the total mileage of expressways managed and operated by the Group has exceeded 400 kilometers and is heading towards 500 kilometers.

# CHAIRMAN'S STATEMENT

## **Boldly venturing into new territories and expanding to new industries**

During the Reporting Period, the Group upgraded the scale and quality of service area operations under the expressway segment in line with the "Expressway+" development strategy. In particular, Xinfan Service Area of Chengpeng Expressway was upgraded and opened the "Heartwarming Home" to provide truck drivers with parking, rest, catering, shower, laundry and other convenient public services, and was successfully honored as a "4-star" expressway service area in Sichuan Province. Ande South Service Area, Ande North Service Area and Gaoxin West Service Area of Chengguan Expressway were formally opened for business, creating a new platform for integration of transportation and tourism with a distinctive theme and rich Sichuan flavors. We also opened our first supermarket under our own brand name "Rongyigou". The energy segment actively responded to the national strategy of "Carbon Peaking and Carbon Neutrality" by starting with the construction of and investment in the charging and battery replacement industry, and initiated the construction of low carbon centers and "roadside charging and storage integration" projects through our subsidiaries and associates.

## **Strengthening capital operation with meticulous attention to detail**

During the Reporting Period, the Group actively built a diversified financing system to strengthen our financial security. The Group has obtained a domestic credit rating of AA+. We successfully issued ultra-short-term debentures in an amount of RMB300 million in February 2023, and issued medium-term notes in an amount of RMB300 million in July 2023, providing reserve funds for the Company's development. We strictly implemented a competitive bidding mechanism for financing, and initiated financing and loan arrangements for the Chengwenqiong Expressway expansion and renovation project to ensure adequate funding for the project while reducing financing costs.

During the Reporting Period, the Group also actively promoted the A-share listing progress and completed the transfer of listing application materials under the A-share IPO listing registration system reform on schedule in accordance with the requirements of relevant regulatory authorities. As of the Reporting Date, the Company's A-share listing application materials were still under review.



# CHAIRMAN'S STATEMENT

## OUTLOOK IN 2024

The year of 2024 is the 75th anniversary of the founding of the People's Republic of China, and also a crucial year for the implementation of the "14th Five-Year Plan" in China. The fundamental outlook for the domestic economy, which has been on a long-term positive trajectory, remains unchanged. The increasing willingness of residents to travel, the continuous growth of the motor vehicle ownership in Chengdu, and the ongoing development of the transportation industry under the influence of various national major development strategies will all have a positive impact on the future operations of the Group. However, the concession rights of Chengdu Airport Expressway owned by the Group and Chengbei Exit Expressway in which the Group has equity interest will expire in 2024. In addition, the Chengwengqiong Expressway Expansion Construction project will have certain impact on the traffic condition of the expressway upon commencement of construction. These factors may have certain impact on the operating results of the Company in 2024.

In respect of the expressway segment, the Group will implement the Chengwengqiong Expressway Expansion Construction project as scheduled, complete the pre-construction formalities for the project as soon as possible, strengthen the traffic organization during the construction period of the project and minimize the impact of the construction work on the traffic. Meanwhile, the Group will actively promote the acquisition of high-quality road assets and the expansion of service area business to consolidate the advantages of the principal business and enhance the ability of sustainable development. The Group will also continue to pay attention to the specific arrangements made by the administrative authorities of the industry upon the expiry of term of expressway toll collection, and actively strive for favorable policies to minimize the related impact.

For the energy segment, the Group will utilize the resources of its existing projects to steadily expand the number of petrol stations, improve the management and service standards of its existing refined oil operation, and continue to implement measures to reduce costs and increase efficiency. Meanwhile, in view of the in-depth implementation of the national strategy of carbon peaking and carbon neutrality, the policy guidance of Chengdu for green and low-carbon urban development, and the rapid development of the new energy vehicle industry, the Group will focus on the construction and operation services of new energy vehicle charging stations, and carry out the new energy business in an integrated manner.

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

## ACKNOWLEDGEMENT

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

**Yang Tan**

*Chairman*

Chengdu, the PRC, 27 March 2024

# MANAGEMENT DISCUSSION AND ANALYSIS

## SUMMARY OF THE GROUP'S OPERATING RESULTS

	As of 31 December 2023 RMB	As of 31 December 2022 RMB
Revenue	<b>2,894,040,981</b>	2,596,622,994
Including:		
Toll income	<b>1,470,432,380</b>	1,211,781,245
Revenue from operation and management services	<b>70,426,406</b>	60,447,722
Revenue from maintenance services	<b>17,299,626</b>	13,719,875
Revenue from construction services	<b>12,058,159</b>	0
Revenue from sales of refined oil	<b>1,269,066,964</b>	1,267,936,625
Revenue from convenience stores	<b>17,372,516</b>	18,381,630
Asset rental income	<b>13,333,907</b>	11,109,357
Traffic volume compensation for operation suspension at a toll station	<b>13,283,433</b>	8,659,285
Forward traffic volume compensation	<b>3,697,111</b>	0
Others	<b>7,070,479</b>	4,587,255
Total profit	<b>806,866,677</b>	672,261,955
Net profit attributable to the Shareholders of the Company	<b>618,766,312</b>	490,148,932
Basic earnings per Share	<b>RMB0.37</b>	RMB0.30

## SUMMARY OF THE GROUP'S FINANCIAL POSITION

	As at 31 December 2023 RMB	As at 31 December 2022 RMB
Total assets	<b>9,254,746,976</b>	9,168,751,205
Total liabilities	<b>3,952,422,829</b>	4,209,133,009
Non-controlling interests	<b>953,679,228</b>	934,878,396
Total equity attributable to Shareholders of the Company	<b>4,348,644,919</b>	4,024,739,800

## REVENUE

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

# MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group operated Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Chengdu Airport Expressway and Qiongming Expressway, as well as Tianfu Airport Expressway, Pudu Expressway and Cangba Expressway under entrusted management under the expressway segment; while under the energy segment, 26 petrol stations of the Group were in operation, 4 gas stations of the Group were in construction (including the stations which completed construction and yet to commence operation), and 3 petrol stations, i.e. Xinhua Petrol Station and Huamin Petrol Station (including Chengluo Petrol Station thereunder) were under entrusted management.

The Group achieved revenue of RMB2,894,040,981 during the Reporting Period (2022: RMB2,596,622,994), representing an increase of RMB297,417,987, or 11.5%, from 2022, including revenue from the expressway segment of RMB1,593,531,284, accounting for 55.1% of the total revenue for 2023, and revenue from the energy segment of RMB1,300,509,697, accounting for 44.9% of the total revenue for 2023.

The table below sets forth an analysis of revenue generated by the Group during the Reporting Period:

	<b>2023</b>	2022	Increase/ (decrease) from the corresponding period of preceding year
	<b>RMB</b>	RMB	
<b>Revenue from expressway segment:</b>			
Toll income	<b>1,470,432,380</b>	1,211,781,245	21.3%
Revenue from operation and management services	<b>62,400,479</b>	56,570,340	10.3%
Revenue from maintenance services	<b>17,299,626</b>	13,719,875	26.1%
Revenue from construction services	<b>12,058,159</b>	0	0
Asset rental income	<b>10,860,602</b>	10,361,906	4.8%
Traffic volume compensation for operation suspension at a toll station	<b>13,283,433</b>	8,659,285	53.4%
Forward traffic volume compensation	<b>3,697,111</b>	0	0
Others	<b>3,499,494</b>	3,502,865	-0.1%
	<b>1,593,531,284</b>	1,304,595,516	22.1%
<b>Revenue from energy segment:</b>			
Revenue from sales of refined oil	<b>1,269,066,964</b>	1,267,936,625	0.1%
Revenue from convenience stores	<b>17,372,516</b>	18,381,630	-5.5%
Revenue from operation and management services	<b>8,025,927</b>	3,877,382	107.0%
Asset rental income	<b>2,473,305</b>	747,451	230.9%
Others	<b>3,570,985</b>	1,084,390	229.3%
	<b>1,300,509,697</b>	1,292,027,478	0.7%
<b>Total revenue</b>	<b>2,894,040,981</b>	2,596,622,994	11.5%

# MANAGEMENT DISCUSSION AND ANALYSIS

## Expressway Segment

During the Reporting Period, the Group's revenue from expressway segment amounted to RMB1,593,531,284 (2022: RMB1,304,595,516), representing an increase of RMB288,935,768, or 22.1%, from 2022.

1. The revenue from expressway segment was mainly toll income, which accounted for 92.3% of the revenue from expressway segment. During the Reporting Period, toll income from expressway segment amounted to RMB1,470,432,380, representing an increase of RMB258,651,135 from 2022 and a year-on-year increase of 21.3%, which was mainly due to the fact that the traffic volume of each expressway was positively stimulated by the resumption of economic development after the relaxation of the pandemic prevention and control policies, which led to an overall increase in toll income as compared with 2022. In particular, the greater increase in toll income and traffic volume of Chengdu Airport Expressway was mainly attributable to the relatively low traffic volume in the whole year of 2022 due to the impact of the pandemic, which resulted in a smaller comparison base and hence a higher year-on-year growth. However, Chengdu Airport Expressway was still affected by the flight diversion to Tianfu Airport and the closure of Terminal 1 at Shuangliu Airport for construction work, which led to the fact that neither the annual toll income nor traffic volume in the whole year of 2023 had been restored to the level prior to the pandemic.
  - 1) Set out below is the toll income data for each expressway during the Reporting Period:

<b>Expressway toll income</b>	<b>2023</b> <b>RMB</b>	2022 <i>RMB</i>	Increase/ (decrease) from the corresponding period of preceding year
Chengguan Expressway	<b>412,444,388</b>	330,325,995	24.9%
Chengpeng Expressway	<b>293,229,908</b>	243,080,212	20.6%
Chengwenqiong Expressway	<b>433,531,677</b>	378,258,881	14.6%
Chengdu Airport Expressway	<b>111,378,926</b>	84,746,381	31.4%
Qiongming Expressway	<b>219,847,481</b>	175,369,776	25.4%
<b>Total</b>	<b>1,470,432,380</b>	1,211,781,245	21.3%

# MANAGEMENT DISCUSSION AND ANALYSIS

- 2) Set out below is the traffic volume of each expressway of the Group recorded during the period from 1 January to 31 December 2023:

Expressway traffic volume	Daily weighted average traffic volume (vehicle)		Year-on-year increase/ (decrease)
	1 January to 31 December 2023	1 January to 31 December 2022	
Chengguan Expressway	54,041	43,319	24.8%
Chengpeng Expressway	61,931	52,034	19.0%
Chengwenqiong Expressway	53,701	47,358	13.4%
Chengdu Airport Expressway	32,892	24,614	33.6%
Qiongming Expressway	17,931	14,172	26.5%
<b>Total</b>	<b>220,496</b>	<b>181,497</b>	<b>21.5%</b>

- During the Reporting Period, the expressway segment achieved revenue from operation and management services of RMB62,400,479, accounting for 3.9% of the revenue from expressway segment, and representing a year-on-year increase of 10.3%, which was the operation and management service fees charged for provision of operation and management services to Tianfu Airport Expressway and Pudu Expressway.
- During the Reporting Period, the expressway segment achieved revenue from maintenance services of RMB17,299,626, accounting for 1.1% of the revenue from expressway segment, and representing a year-on-year increase of 26.1%, which was derived from maintenance services provided to Tianfu Airport Expressway and Pudu Expressway.
- During the Reporting Period, the expressway segment achieved revenue from construction services of RMB12,058,159, accounting for 0.8% of the revenue from expressway segment, which was derived from the corresponding construction income recognized by the Group based on the progress of the Chengwenqiong Expressway Expansion Construction Project up to 31 December 2023 in accordance with the requirements of the China Accounting Standards for Business Enterprises.
- During the Reporting Period, the expressway segment achieved asset rental income of RMB10,860,602, accounting for 0.7% of the revenue from expressway segment, and representing a year-on-year increase of 4.8%, which was mainly derived from the rental income generated from the Group's lease of certain properties of Ande South Service Area and Ande North Service Area newly opened in 2023.
- During the Reporting Period, the expressway segment achieved traffic volume compensation for operation suspension at a toll station of RMB13,283,433, accounting for 0.8% of the revenue from expressway segment, and representing a year-on-year increase of 53.4%, which was attributable to the Chengguan Expressway Pidu East (five-ring interconnection) transformation project.

# MANAGEMENT DISCUSSION AND ANALYSIS

7. During the Reporting Period, the expressway segment achieved forward traffic volume compensation of RMB3,697,111, accounting for 0.2% of the revenue from expressway segment, which was attributable to the Chengguan Expressway Pidou east (five-ring interconnection) transformation project (the compensation shall be available after the opening in July 2023).
8. During the Reporting Period, the expressway segment achieved other income of RMB3,499,494, accounting for 0.2% of the revenue from expressway segment, and representing a year-on-year decrease of 0.1%.

## Energy Segment

During the Reporting Period, the Group's revenue from energy segment amounted to RMB1,300,509,697 (2022: RMB1,292,027,478), representing an increase of RMB8,482,219, or 0.7%, from 2022.

1. The main source of revenue from energy segment was revenue from sales of refined oil, which accounted for 97.6% of the revenue from energy segment. During the Reporting Period, revenue from sales of refined oil amounted to RMB1,269,066,964, representing an increase of RMB1,130,339 from 2022, and a year-on-year increase of 0.1%, mainly due to the increase in sales volume on the one hand, which was positively stimulated by the resumption of economic development following the relaxation of pandemic prevention and control policies; and on the other hand, the domestic guided prices of refined oil fluctuated due to the impact of international oil prices running at a medium to high level, which led to a decrease in the sales price of refined oil.
2. During the Reporting Period, the energy segment achieved revenue from convenience stores of RMB17,372,516, which accounted for 1.3% of the revenue from energy segment and represented a year-on-year decrease of 5.5%, which was mainly attributable to the higher revenue from more convenience store promotional activities in 2022, and the decrease in revenue from convenience stores due to the absence of corresponding promotional activities in 2023.
3. During the Reporting Period, the energy segment achieved revenue from operation and management services of RMB8,025,927, which accounted for 0.6% of the revenue from energy segment and represented a year-on-year increase of 107.0%, which was derived from the revenue from operation and management services provided to Xinhua Petrol Station and Huamin Petrol Station (including the Chengluo Petrol Station thereunder) under entrusted management by Xinyuanli Energy. The significant increase was due to the fact that the operation and management services were entered into in August 2022, and the revenue from operation and management services in 2022 only represented revenue from entrusted management for several months (in particular, the entrusted management of Huamin Petrol Station and Xinhua Petrol Station commenced in April 2022, and the entrusted management of Chengluo Petrol Station commenced in October 2022); while the revenue in 2023 represented revenue from entrusted management for the whole year.

# MANAGEMENT DISCUSSION AND ANALYSIS

- During the Reporting Period, the energy segment achieved asset rental income of RMB2,473,305, which accounted for 0.1% of the revenue from energy segment and represented a year-on-year increase of 230.9%. During the Reporting Period, the energy segment achieved other income of RMB3,570,985, which accounted for 0.3% of the revenue from energy segment and represented a year-on-year increase of 229.3%.

## OPERATING COST

During the Reporting Period, operating cost of the Group mainly included fuel purchase expenses (including transportation expense), depreciation and amortization, staff remuneration and expressway repair and maintenance. During the Reporting Period, the Group incurred operating cost of RMB1,851,990,580 (2022: RMB1,725,555,623), representing a year-on-year increase of RMB126,434,957, or 7.3% from 2022.

The primary factors resulting in the increase included: (i) fuel purchase expenses (including transportation expense) of RMB1,103,511,341, representing a year-on-year increase of RMB34,402,295, which was due to the increase in purchase price and purchase volume of refined oil; (ii) depreciation and amortization of RMB385,137,183, representing a year-on-year increase of RMB70,842,959, which was mainly attributable to the increase in traffic volume due to the resumption of economic development after the relaxation of pandemic prevention and control policies, which in turn led to the increase in amortization; (iii) staff remuneration of RMB367,956,918, representing a year-on-year increase of RMB19,381,966, which was due to the increase in staff cost; and (iv) expressway repair and maintenance of RMB64,363,463, representing a year-on-year decrease of RMB4,096,237, which was mainly due to the fact that certain maintenance had been performed in 2022, which was not required in 2023.

## GROSS PROFIT AND GROSS PROFIT MARGIN

During the Reporting Period, the Group generated gross profit from operations of RMB1,042,050,401 (2022: RMB871,067,371), representing a year-on-year increase of 19.6%, and achieved gross profit margin of 36.0% (2022: 33.5%), representing a year-on-year increase of 2.5 percentage points. In particular, the expressway segment recorded gross profit of RMB864,530,080 and gross profit margin of 54.3% (2022: 51.1%), representing a year-on-year increase of 3.2 percentage points, primarily due to the increase in traffic volume and toll income due to the resumption of economic development after the relaxation of pandemic prevention and control policies. The energy segment recorded gross profit of RMB177,520,321 and gross profit margin of 13.7% (2022: 15.8%), representing a year-on-year decrease of 2.1 percentage points, primarily due to the fact that the cost of purchase of refined oil (fuel purchase expenses) increased, while sales revenues remained basically unchanged from 2022.

## ADMINISTRATIVE EXPENSES

During the Reporting Period, the Group incurred administrative expenses of RMB136,802,593 (2022: RMB124,291,671), representing a year-on-year increase of 10.1%, which was mainly attributable to the increase in social insurance and other expenses.

During the Reporting Period, the management staff benefit expenses (including salary and social insurance expenses) of the Group were RMB100,644,827 (2022: RMB93,172,313).

# MANAGEMENT DISCUSSION AND ANALYSIS

## INVESTMENT INCOME

During the Reporting Period, the Group recognised investment income of RMB26,694,326 (2022: RMB28,275,472), representing a year-on-year decrease of RMB1,581,146, or 5.6%. In particular, (i) Sinopec Chengdu Energy, Zhongyou Jieneng, Chengdu Tongneng, Chengdu Jiuhe and Chengdu Jiaoyun CNG suffered varying degrees of decline in operating results due to the impact from increase in sales volume of new energy vehicles, leading to a year-on-year decrease in investment income recognised by the Group of RMB512,256, RMB3,341,465, RMB1,593,677, RMB143,736 and RMB269,656 in such associates, respectively; (ii) benefiting from the rapid growth of new energy vehicles, the Group recorded a year-on-year decrease in investment loss of RMB5,048,157 recognised in New Energy Company, our associate, and a year-on-year increase in investment income of RMB1,880,604 recognized in Teld, our associate; (iii) the Group recorded a year-on-year decrease in investment income of RMB3,541,144 recognised in Chengbei Exit Expressway Company, our associate, due to the increase in cost and decrease in profit resulting from the improvement and upgrading works; (iv) during the Reporting Period, the Group newly recognised investment loss in Battery Services-Communications Investment of RMB420,326; and (v) during the Reporting Period, the Group recorded a year-on-year decrease in dividend income from other non-current financial assets of RMB2,118,500.

## NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

During the Reporting Period, net profit attributable to the Shareholders of the Company amounted to RMB618,766,312 (2022: RMB490,148,932), representing a year-on-year increase of RMB128,617,380, or 26.2%; and basic earnings per Share reached approximately RMB0.37 (2022: approximately RMB0.30), representing a year-on-year increase of 23.3%, primarily attributable to the significant increase in toll income in 2023 as the Group was positively stimulated by the economic recovery following the relaxation of COVID-19 pandemic prevention and control policies, which in turn led to the increase in net profit attributable to the Shareholders of the Company and basic earnings per Share.

## ASSETS AND LIABILITIES OVERALL CONDITIONS

As at the end of the Reporting Period, total assets of the Group amounted to RMB9,254,746,976 (31 December 2022: RMB9,168,751,205), representing an increase of RMB85,995,771 or 0.9% from the end of 2022. As at the end of the Reporting Period, the Group's assets mainly consisted of intangible assets underlying the service concession rights in respect of Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Chengdu Airport Expressway and Qiongming Expressway, which accounted for 57.8% of the Group's total assets. Currency funds and other assets accounted for 24.4% and 17.8% of total assets, respectively.

As at the end of the Reporting Period, total liabilities of the Group amounted to RMB3,952,422,829 (31 December 2022: RMB4,209,133,009), representing a year-on-year decrease of RMB256,710,180 or 6.1% from the end of 2022, primarily due to the repayment of long-term borrowings of RMB153,218,235, the year-on-year decrease of RMB189,122,117 in accounts payable; as well as the year-on-year increase of RMB19,032,280 in tax payable and the year-on-year increase of RMB31,253,164 in non-current liabilities due within one year during the Reporting Period.



# MANAGEMENT DISCUSSION AND ANALYSIS

## BORROWINGS AND REPAYMENT CAPACITY

As at the end of the Reporting Period, total liabilities of the Group amounted to RMB3,952,422,829 (31 December 2022: RMB4,209,133,009), of which 70.4% (31 December 2022: 62.1%) represented total interest-bearing borrowings while 13.2% (31 December 2022: 16.9%) represented accounts payable.

As at the end of the Reporting Period, total interest-bearing borrowings of the Group amounted to RMB2,780,958,357 (31 December 2022: RMB2,613,400,431), of which RMB2,393,781,765 represented bank borrowings, RMB87,176,592 represented Shareholders' borrowings, and RMB300,000,000 represented medium-term notes.

89.0% of the interest-bearing borrowings are not repayable within one year.

As at the end of the Reporting Period, bank borrowings of the Group carried an annual interest rate ranging from 3.08% to 4.06%. During the Reporting Period, interest expense of the Group amounted to RMB114,352,584 (2022: RMB123,693,974). Earnings before interest and tax amounted to RMB921,219,261 (2022: RMB795,955,929) and therefore interest coverage ratio (earnings before interest and tax divided by interest expenses) was 8.1 (2022: 6.4).

As at the end of the Reporting Period, gearing ratio of the Group (being total liabilities divided by total assets) was 42.7% (31 December 2022: 45.9%).

## BORROWING RATIO

Being a measurement of financial leverage, borrowing ratio is calculated as net debt divided by "total equity and net debt". Net debt refers to interest-bearing bank and other loans minus cash and cash equivalents, not including liabilities for working capital purpose. Equity includes equity attributable to Shareholders of the Company and non-controlling interests. As at the end of the Reporting Period, the borrowing ratio of the Group was 8.9% (31 December 2022: 12.7%).

## CAPITAL EXPENDITURE COMMITMENTS AND UTILISATION

During the Reporting Period, capital expenditure of the Group amounted to RMB72,281,272, primarily due to the construction cost for the Ande Service Area Construction Project (Phase I) and Chengguan Expressway Gaoxinxi Service Area Project and the construction cost paid for the expressway expansion and renovation and road upgrade and renovation in previous years.

As at the end of the Reporting Period, total capital expenditure commitments of the Group amounted to RMB180,860,553, primarily relating to proposed capital injection in Battery Services-Communications Investment of RMB96,000,000 and investment of RMB84,860,553 in Chengwenqiong Expressway Expansion Construction Project. The Group will finance the above capital expenditure commitments with self-owned funds and bank loans and prioritise using internal resources for this purpose.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CURRENT RATIO

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

As at the end of the Reporting Period, total current assets of the Group amounted to RMB2,672,504,703 (31 December 2022: RMB2,237,450,203), of which: (i) currency funds were RMB2,260,931,042 (31 December 2022: RMB1,889,340,360), accounting for 84.6% (31 December 2022: 84.4%) of current assets; (ii) accounts receivable were RMB226,215,503 (31 December 2022: RMB207,447,293), accounting for 8.5% (31 December 2022: 9.3%) of current assets; (iii) inventories were RMB20,670,025 (31 December 2022: RMB17,322,330), accounting for 0.8% (31 December 2022: 0.8%) of current assets; and (iv) prepayments, other receivables and other current assets were RMB164,688,133 (31 December 2022: RMB123,340,220), accounting for 6.1% (31 December 2022: 5.5%) of current assets.

As at the end of the Reporting Period, current ratio (current assets divided by current liabilities) of the Group was 243.7% (31 December 2022: 152.3%). The increase of the current ratio was due to the improvement of operating results positively stimulated by the economic recovery following the relaxation of COVID-19 pandemic prevention and control policies during the Reporting Period, leading to an increase in current assets.

The table below sets out certain information about the Group's consolidated statement of cash flows for the years ended 31 December 2022 and 2023:

	For the year ended 31 December			
	2023		2022	
	RMB	RMB	RMB	RMB
Cash and cash equivalents presented in the consolidated statement of cash flows at the beginning of the year		1,814,070,960		1,800,119,207
Net cash flows from operating activities	1,114,589,492		850,369,689	
Net cash flows used in investing activities	(75,227,224)		(265,633,255)	
Net cash flows used in financing activities	(592,502,186)		(570,784,681)	
Net increase in cash and cash equivalents		446,860,082		13,951,753
Cash and cash equivalents presented in the consolidated statement of cash flows at the end of the year		2,260,931,042		1,814,070,960
<b>Analysis of balances of cash and cash equivalents</b>				
Consolidated cash and cash equivalents as at the end of the year		1,396,931,042		1,220,400,960
Time deposits with original maturity of over three months		864,000,000		593,670,000
Cash and cash equivalents as stated in the consolidated statement of cash flows		2,260,931,042		1,814,070,960

# MANAGEMENT DISCUSSION AND ANALYSIS

**Net cash flows from operating activities:** During the Reporting Period, net cash flows from operating activities of the Group amounted to RMB1,114,589,492 (2022: RMB850,369,689), representing a year-on-year increase of RMB264,219,803, primarily attributable to: (i) the recovery of the macro-economy during the Reporting Period which resulted in a substantial increase in the traffic volume of expressways under the Group as compared to 2022, leading to an increase in cash received from sales of goods and provision of services of RMB360,098,607 as compared to last year; (ii) a decrease in the payments made for the expressway connection projects during the Reporting Period as compared to last year, leading to a decrease in the cash paid for other operating activities of RMB38,460,639 during the Reporting Period as compared to 2022; and (iii) the decrease in cash paid to and for employees of RMB5,048,114 during the Reporting Period as compared to 2022.

**Net cash flows used in investing activities:** During the Reporting Period, net cash flows used in investing activities of the Group amounted to RMB75,227,224 (2022: RMB265,633,255), representing a year-on-year decrease of RMB190,406,031, primarily attributable to: (i) the increase in redemption of structured deposits and fixed deposits during the Reporting Period as compared to last year, which resulted in an increase in cash inflow from investing activities of RMB245,325,862 as compared to last year; (ii) a year-on-year decrease in cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets of RMB62,101,038 during the Reporting Period; and (iii) a year-on-year increase in cash paid for investments of RMB117,020,869 as a result of an increase in the amount of structured deposits purchased during the Reporting Period.

**Net cash flows used in financing activities:** During the Reporting Period, net cash flows used in financing activities of the Group amounted to RMB592,502,186 (2022: RMB570,784,681), representing a year-on-year increase of RMB21,717,505, primarily attributable to: (i) a year-on-year increase in cash received from borrowings of RMB364,781,765 as a result of the issuance of medium-term notes and ultra-short-term debentures during the Reporting Period; (ii) a year-on-year increase in cash paid for debt repayment of RMB359,800,000 due to the increase in repayment of bank borrowings during the Reporting Period; and (iii) a year-on-year increase in cash paid for distribution of dividends, profits or repayment of interests of RMB70,836,005.

## MATERIAL ACQUISITION AND DISPOSAL

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

Save as disclosed in this annual report, the Group did not hold any significant investments during the Reporting Period.

## FUTURE PLAN FOR SIGNIFICANT INVESTMENT

For details of the Group's future significant investment, please refer to the section headed "Chairman's Statement". Save as disclosed in this annual report, the Group currently has no other future plans for significant investments or acquisitions of capital assets.

## PLEDGE OF ASSETS

As at the end of the Reporting Period, the toll collection rights of Chengwenqiong Expressway with a net carrying amount of RMB903,427,709 (31 December 2022: RMB953,845,611) were pledged to secure bank loans and other loans of RMB380,000,000 (31 December 2022: RMB410,000,000), the toll collection rights of Chengpeng Expressway with a net carrying amount of RMB909,545,373 (31 December 2022: RMB1,133,477,303) were pledged to secure bank loans of RMB143,000,000 (31 December 2022: RMB143,000,000), and the toll collection rights of Qiongming Expressway with a net carrying amount of RMB2,179,969,502 (31 December 2022: RMB2,262,929,466) were pledged to secure bank loans of RMB1,580,000,000 (31 December 2022: RMB1,642,400,000).

# MANAGEMENT DISCUSSION AND ANALYSIS

## EXCHANGE RATE FLUCTUATION RISK

As the Group operates in mainland China and the transactions are mainly settled in Renminbi, it is not exposed to material foreign exchange rate risk.

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

## CONTINGENT LIABILITIES

### Lawsuit between Energy Development Company and Huaguan Industrial

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

On 11 August 2022, Chengdu Intermediate People's Court awarded a first-instance judgment, pursuant to which Energy Development Company shall not assume liability for compensation. Huaguan Industry appealed the first-instance judgement to the High People's Court of Sichuan Province which heard the case on 21 November 2022, and issued a civil ruling on 15 February 2023, pursuant to which the High People's Court of Sichuan Province considered that Energy Development Company and Huaguan Industrial constituted contractual relationship of rights and obligations, and the original judgment made a mistake in determining whether the contract has been established. Accordingly, the High People's Court of Sichuan Province revoked the judgment awarded by Chengdu Intermediate People's Court in August 2022, and remanded the case to Chengdu Intermediate People's Court for retrial. As the first and second claims of Huaguan Industrial are in substance unfulfillable, Huaguan Industrial thus changed its claims to the followings in April 2023: (1) demand the court to terminate the contractual relationship of rights and obligations between Huaguan Industrial and Energy Development Company; (2) demand Energy Development Company to compensate Huaguan Industrial economic loss of RMB65,039,200; and (3) demand Energy Development Company to bear in full the litigation fee incurred in the case.

# MANAGEMENT DISCUSSION AND ANALYSIS

On 19 September 2023, Chengdu Intermediate People's Court made the first-instance judgment on the above case, in which the court held that the legal claims of Huaguan Industry lacked factual and legal basis and could not be substantiated in accordance with the laws, and were thus rejected.

On 26 September 2023, Huaguan Industry appealed the aforesaid judgment to the High People's Court of Sichuan Province, which held a hearing on 29 November 2023, and as at the Reporting Date, no judgement has been awarded by the High People's Court of Sichuan Province on the case.

## **Lawsuit between Chengming Expressway Company and Xuyang Petrification**

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

Pursuant to the Agreements, amounts incurred from the change of nature of land use rights of two pairs and a total of four petrol and gas stations in Qionglai and Mingshan service areas, change of nature of land use rights of the petrol stations and gas stations in Pingle service area and construction of Pingle service area shall be paid by Xuyang Petrification. As of 31 December 2023, Xuyang Petrification had paid Chengming Expressway Company RMB6,833,248 for change of nature of land use rights, and partially completed the construction of the petrol stations in Pingle service area, which, however, did not commence commercial operation. Xuyang Petrification failed to pay Chengming Expressway Company any amount for transfer (lease) of construction and operation right as agreed in the agreements. Chengming Expressway Company recognised the amount paid by Xuyang Petrification for change of nature of land use rights in other payables.

On 26 July 2022, Chengming Expressway Company received the counterclaim filed by Xuyang Petrification, claiming that the demand raised by Chengming Expressway Company to invalidate the Agreements has in effect rendered the fulfillment of the Agreements unrealistic, and requesting Chengming Expressway Company to compensate economic loss thus incurred to Xuyang Petrification in a total amount of RMB28,162,100.

On 20 April 2023, Xuyang Petrification modified its claims, and demanded the court to rule that Chengming Expressway Company (1) refund the land transfer consideration and tax payment of RMB6,249,506, as well as interest accrued on the occupied fund to Xuyang Petrification; and (2) compensate Xuyang Petrification for loss equivalent to the expected income from petrol stations in Pingle service area of RMB4,282,800, loss on construction expenditure of RMB2,966,700 and loss on land use right of the construction land of RMB6,261,200, totaling RMB13,510,700.

# MANAGEMENT DISCUSSION AND ANALYSIS

On 13 June 2023, the Jianyang People's Court awarded the judgement, pursuant to which, (i) Chengming Expressway Company and Xuyang Petrification shall rescind the Agreements, and Xuyang Petrification shall return Pingle service area to Chengming Expressway Company in its existing status; (ii) Xuyang Petrification shall pay Chengming Expressway Company loss of interest accrued on occupied rental of RMB2,082,066; and (iii) Chengming Expressway Company shall pay Xuyang Petrification land transfer consideration of RMB6,820,868 and interest accrued on such funds of RMB2,601,692, construction expenditure of RMB2,966,700 and loss equivalent to expected income of RMB4,282,800, totaling RMB16,672,060.

Chengming Expressway Company and Xuyang Petrification both appealed the aforesaid judgment to Chengdu Intermediate People's Court on 3 July 2023. As of the Reporting Date, no judgement has been awarded by Chengdu Intermediate People's Court.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

# BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## BIOGRAPHICAL DETAILS OF DIRECTORS

The table below sets forth information regarding the Directors <sup>(1)</sup>:

Name	Position	Term of office <sup>(1)</sup>
Mr. Yang Tan	Chairman of the Board	June 2023 – Up to now
	Executive Director	June 2020 – Up to now
Mr. Xiao Jun <sup>(2)</sup>	Non-executive Director	November 2016 – March 2023
	Chairman of the Board	December 2016 – March 2023
Mr. Xia Wei <sup>(3)</sup>	Executive Director	October 2023 – Up to now
Mr. Ding Dapan	Executive Director	September 2022 – Up to now
Ms. Wu Haiyan	Non-executive Director	September 2022 – Up to now
Mr. Luo Dan <sup>(4)</sup>	Executive Director	November 2016 – July 2023
Mr. Yang Bin <sup>(5)</sup>	Non-executive Director	May 2018 – October 2023
Mr. Qian Yongjiu	Independent non-executive Director	September 2022 – Up to now
Mr. Wang Peng	Independent non-executive Director	September 2022 – Up to now
Mr. Leung Chi Hang Benson	Independent non-executive Director	September 2022 – Up to now

### Notes:

1. Term of office represents the period during which such individuals hold positions listed in the table. For details of their other positions, please refer to the following. The term of office of the second session of the Board of Directors of the Company has expired in June 2023.

Given that the nomination of candidates for the new session of Directors of the Company has not yet been completed, in order to maintain the continuity of the work of the Board of the Company, the election of the new session of the Board will be postponed, and the terms of office of the special committees under the second session of the Board of Directors of the Company and of the senior management appointed by the Board of Directors will be postponed accordingly. The postponement of election of the Board will not affect the normal operation of the Company.

2. Mr. Xiao Jun resigned as the Chairman of the Board and a non-executive Director in March 2023.
3. Mr. Xia Wei was appointed as the Chief Accountant of the Company in July 2023 and an executive Director of the Company in October 2023.
4. Mr. Luo Dan resigned as an executive Director and the Chief Accountant of the Company in July 2023.
5. Mr. Yang Bin resigned as a non-executive Director of the Company in October 2023.

# BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## **Mr. Yang Tan (楊坦), Chairman, Executive Director and General Manager**

**Mr. Yang Tan**, aged 58, has been General Manager of the Company since April 2020, and executive Director and chairman of the Strategy and Development Committee of the Company since June 2020, member of the Nomination Committee since March 2023, and secretary to the Party Committee and chairman of the Board since June 2023. Set forth below are the key biographies of Mr. Yang:

- staff member of North Gate Station of Chengdu Motor Transport Company (成都市汽車運輸公司) from August 1988 to November 1990;
- deputy director of the General Manager Office of Chengdu Motor Transport Corporation (成都市汽車運輸總公司) from December 1990 to August 1993;
- deputy general manager of Sichuan Tonglian Rare Animal Breeding Co., Ltd. (四川通聯珍稀動物養殖有限公司) from August 1993 to December 1996;
- deputy manager of Baiyun Hotel of Chengdu Motor Transport Corporation from December 1996 to October 1997;
- worked in the Fifth Branch of Chengdu Motor Transport (Group) Company (成都汽車運輸(集團)公司) from October 1997 to July 2010;
- general manager of Chengguan Expressway Company from July 2010 to April 2016;
- director and general manager of Energy Development Company from April 2016 to April 2020.

At present, Mr. Yang also acts as chairman of the board of directors of Operation Company.

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



# BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## **Mr. Xia Wei (夏煒), Executive Director and Chief Accountant**

**Mr. Xia Wei**, aged 48, has been the Chief Accountant of the Company since July 2023 and executive Director of the Company since October 2023. Set forth below are the key biographies of Mr. Xia:

- assistant accountant of Chengdu Guoteng (Group) Co., Ltd. (成都國騰(集團)有限公司) from July 1998 to April 2004;
- under self-employment from April 2004 to June 2007;
- a clerk, principal staff, supervisor, senior supervisor and deputy director of the planning and finance department and deputy director of the finance department (capital centre) of Chengdu Communications Investment from June 2007 to July 2023.

Mr. Xia graduated from the School of Accounting of Southwestern University of Finance and Economics in July 1998, majoring in accounting (full-time undergraduate degree). Mr. Xia was awarded the qualification of senior accountant by the Chengdu Review Committee of Accounting Professional Senior Positions in Sichuan Province in July 2019.

## **Mr. Ding Dapan (丁大攀), Executive Director and Deputy General Manager**

**Mr. Ding Dapan**, aged 36, has served as Deputy General Manager of the Company since November 2021 and an executive Director of the Company since September 2022. Set forth below are the key biographies of Mr. Ding:

- worked in Yangtze River Three Gorges Technology and Economic Development Company from July 2012 to February 2014;
- deputy principal staff member, third-tier principal staff member, second-tier principal staff member and deputy director of the Construction and Maintenance Department of the Expressway Administration Bureau (Law Enforcement Corps) of Sichuan Provincial Department of Transportation from February 2014 to August 2020;
- deputy general manager of Operation Company from August 2020 to November 2021;
- a director and general manager of Operation Company since November 2021.

At present, Mr. Ding also acts as a director and general manager of Operation Company.

Mr. Ding graduated from Southwest Jiaotong University with a master's degree of engineering majoring in bridge and tunnel engineering in July 2012. Mr. Ding was granted the qualification of engineer by Chengdu Human Resources and Social Security Bureau in January 2023.

# BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

**Ms. Wu Haiyan**, aged 52, served as a non-executive Director, a member of the Remuneration and Evaluation Committee of the Company since September 2022, and a member of the Audit and Risk Management Committee since 24 October 2023. Set forth below are the key biographies of Ms. Wu:

- accountant and deputy manager of the finance department of Communications Investment Construction and Management from December 1997 to February 2007;
- accountant of Chengdu Communications Investment from February 2007 to January 2008;
- manager and deputy general manager of finance department of Chengdu Transportation Hub and Station Construction Management Company Limited (成都交通樞紐場站建設管理有限公司) from January 2008 to February 2015;
- head and deputy head (person-in-charge) of the finance department (capital centre) of Chengdu Communications Investment from February 2015 to July 2023;
- employee representative supervisor of Chengdu Communications Investment from September 2016 to August 2022;
- a shareholder representative Supervisor of the Company from November 2016 to September 2022.

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

Ms. Wu finished her junior college courses at Southwest University of Finance and Economics majoring in accounting in June 1993 and graduated from Correspondence College of the Party School of the Sichuan Provincial Committee of Communist Party of China (中共四川省委黨校函授學院) in June 2009 majoring in administration management with a bachelor's degree. Ms. Wu was recognised as a senior accountant by Chengdu Professional Title Reform Leading Group in November 2015.

# BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

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

- auditor, senior auditor and audit manager of PricewaterhouseCoopers from September 2000 to June 2007;
- audit manager of the San Jose office in the United States of PricewaterhouseCoopers LLP from July 2007 to June 2009;
- senior audit manager and partner of PricewaterhouseCoopers from July 2009 to August 2020;
- partner of the PricewaterhouseCoopers Zhong Tian LLP Beijing Branch from September 2020 to February 2022;
- vice president of finance of A-Bite Technology Inc. (舌尖科技有限公司) from April 2022 to June 2022;
- executive director and general manager of Guangzhou Hongfu Supply Chain Co., Ltd. (廣州宏富供應鏈有限公司) from December 2022 to April 2023;
- regional director of Sifu Enterprise Management Consulting (Shanghai) Co., Ltd. (司富企業管理諮詢(上海)有限公司) from July 2022 to June 2023;
- independent director of Sansheng Intellectual Education Technology Co., Ltd. (三盛智慧教育科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300282) from August 2022 to October 2022;
- executive director, general manager and financial manager of Beijing Caidonghui Enterprise Management Consulting Co., Ltd. (北京財董匯企業管理諮詢有限公司) since September 2022.

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

# BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

**Mr. Wang Peng**, aged 43, has served as an independent non-executive Director, chairman of the Remuneration and Evaluation Committee, and member of each of the Audit and Risk Management Committee and the Nomination Committee of the Company since September 2022. Set forth below are the key biographies of Mr. Wang:

- lecturer, assistant director, deputy director and professor of the School of Finance and the China Financial Research Institute (中國金融研究院) (formerly known as China Financial Research Center (中國金融研究中心)) of Southwest University of Finance and Economics since September 2010;
- visiting scholar at the University of Colorado, Denver from March 2016 to February 2017.

Currently, Mr. Wang also serves as an independent director of Nanchong City Commercial Bank Co., Ltd. and Zigong Rural Commercial Bank Co., Ltd.

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

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

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

- teaching assistant, lecturer, associate professor and professor in Southwest Jiaotong University since May 1986.
- Besides, Mr. Qian also acted as assistant director and deputy director of the Structural Engineering Research Institute, assistant director of the Structural Engineering Experiment Centre, deputy director of the human resources department, deputy dean and Party Secretary of the School of Civil Engineering of Southwest Jiaotong University.

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

# BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## BIOGRAPHICAL DETAILS OF SUPERVISORS

The following table sets forth information regarding the Supervisors <sup>(1)</sup>:

Name	Position	Term of office <sup>(1)</sup>
Ms. Jiang Yan	Chairlady of the Supervisory Committee (Shareholder Representative Supervisor)	May 2018 – Up to now
Mr. Zhang Chengyi	Supervisor (Shareholder Representative Supervisor)	September 2022 – Up to now
Mr. Zhang Yi	Supervisor (Shareholder Representative Supervisor)	June 2020 – Up to now
Ms. Xu Jingxian	Supervisor (Employee Representative Supervisor)	November 2016 – Up to now
Ms. Zheng Lifang <sup>(2)</sup>	Supervisor (Employee Representative Supervisor)	October 2023 – Up to now
Mr. Chen Yong <sup>(2)</sup>	Supervisor (Employee Representative Supervisor)	March 2022 – October 2023

Notes:

1. Term of office represents the period during which such individuals hold positions listed in the table. For details of their other positions, please refer to the following. Shareholder representative Supervisors and employee representative Supervisors of the second session of the Supervisory Committee were appointed for a term of office of three years commencing from June 2020. Given that the nomination of candidates for the new session of Supervisors of the Company has not yet been completed, in order to maintain the continuity of the work of the Supervisory Committee of the Company, the election of the new session of the Supervisory Committee will be postponed. Before the completion of the election of the new session of the Supervisory Committee, all members of the second session of the Supervisory Committee of the Company will continue to perform their respective duties and obligations in accordance with relevant laws and regulations as well as the Articles of Association of the Company and other relevant provisions.
2. In October 2023, Mr. Chen Yong resigned as an employee representative Supervisor due to work rearrangement. On the same date, Ms. Zheng Lifang was appointed as an employee representative Supervisor. For details, please refer to the announcement of the Company dated 17 October 2023.

# BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Ms. Jiang Yan (蔣燕)**, aged 53, has served as chairlady of the Supervisory Committee and a shareholder representative Supervisor since May 2018. Set forth below are the key biographies of Ms. Jiang:

- accountant in Chongqing Yongchuan Cocoon Silk Group Company (重慶市永川市蠶絲綢集團公司) from August 1991 to June 1993;
- loan officer and deputy section chief of cashier's department in Jintang sub-branch, Chengdu branch of Bank of Communications from June 1993 to December 1995;
- director of small local branch and deputy chief of accounting division in Jintang sub-branch, Sichuan branch of Industrial and Commercial Bank of China Limited from December 1995 to August 2004;
- financial manager in Sichuan Jieshijie New Material Co. Ltd. (四川傑事傑新材料有限公司) from August 2004 to March 2008;
- supervisor of the investment and financing department in Chengdu Modern Agricultural Logistics Development and Investment Co., Ltd (成都市現代農業物流業發展投資有限公司) from March 2008 to March 2009;
- deputy head of board's office in Chengdu Urban and Rural Commercial Logistics Development and Investment Group Co., Ltd. (成都城鄉商貿物流發展投資(集團)有限公司) from March 2009 to February 2011;
- vice general manager of Zhongyou Jieneng from February 2011 to May 2011;
- CFO and vice general manager of Energy Development Company from May 2011 to April 2016;
- deputy general manager of Chengdu Communications Investment Tourism Transportation Development Co., Ltd (成都交投旅遊運業發展有限公司) from April 2016 to February 2017;
- deputy department head of the operation and management department in Chengdu Communications Investment from February 2017 to March 2018;
- deputy department head and head of the capital operation department of Chengdu Communications Investment from March 2018 to July 2023.

At present, Ms. Jiang also acts as director of Chengdu Communications Investment Jianzhou New Town Integrated Operation Co., Ltd. (成都交投簡州新城城市綜合運營有限公司), Communications Investment Construction and Management, Chengdu Communications Investment Capital Management Co., Ltd. (成都交投資本管理有限責任公司), and Sichuan Synergy Innovation Investment Management Co., Ltd. (四川協同創新投資管理有限公司).

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

# BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Mr. Zhang Chengyi (張成毅)**, aged 43, has served as a shareholder representative Supervisor of the Company since September 2022. Set forth below are the key biographies of Mr. Zhang:

- worked for No.5 Engineering Corporation Limited of China Railway 11th Bureau Group Company Limited (中鐵十一局集團第五工程有限公司) from June 2004 to May 2005;
- designer, chief engineer, deputy director, secretary of the board of directors and vice president of the Design Department I of Traffic Survey and Design Institute (交通勘察設計院設計一處) from May 2005 to August 2015;
- general manager of Sichuan Wufeng Technology Co., Ltd. (四川五豐科技有限公司) from August 2015 to June 2016;
- senior director and deputy head of the investment development department and deputy head of the railway division of Chengdu Communications Investment from June 2016 to September 2017;
- director and general manager of Chengdu Jianzhou New Town Investment Group Co., Ltd. (成都市簡州新城投資集團有限公司) from September 2017 to May 2022;
- director and general manager of Communications Investment Construction and Management since May 2022;
- chairman of the board of directors and general manager of Communications Investment Construction and Management since August 2023.

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

# BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Mr. Zhang Yi (張毅)**, aged 38, has served as a shareholder representative Supervisor of the Company since June 2021. Set forth below are the key biographies of Mr. Zhang:

- member of the construction crew of Sichuan Junxiang Construction Engineering Co., Ltd. (四川俊翔建築工程有限公司) from July 2007 to July 2008;
- supervision engineer and director representative of Sichuan Zhongxin Construction Engineering Project Supervision Co., Ltd. (四川眾信建設工程項目監理有限公司) from August 2008 to March 2013;
- person-in-charge of the engineering department, head of the parking lot management station, senior director of the investment and development department, senior director of the operation and management department and deputy director and director of the operation and management department of Communications Investment Construction and Management from April 2013 to March 2024;
- director of investment and operation department of Communications Investment Construction and Management since March 2024.

At present, Mr. Zhang also acts as director of Sichuan Hongsheng International Logistics Co., Ltd. (四川宏盛國際物流有限責任公司) and director of Chengming Expressway Company.

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

**Ms. Xu Jingxian (許靜嫻)**, aged 46, has served as employee representative Supervisor since November 2016, manager of the Finance Department of the Company from November 2016 to February 2019 and was re-designated as the manager of the Audit and Compliance Department (Accountability Office) from manager of the Finance Department of the Company since March 2019. Set forth below are the key biographies of Ms. Xu:

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

At present, Ms. Xu also acts as supervisor (chairlady of the supervisory committee) of Chengdu Airport Expressway Company, supervisor (chairlady of the supervisory committee) of Energy Development Company and supervisor of Chengbei Exit Expressway Company.

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



# BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Ms. Zheng Lifang (鄭荔方)** (formerly known as Zheng Qin (鄭沁)), aged 33, has served as the manager of the finance management department of the Company since September 2023, and an employee representative Supervisor of the Company since October 2023. Set forth below are the key biographies of Ms. Zheng:

- worked for Huaneng (Shanghai) Power Maintenance Co., Ltd. (華能(上海)電力檢修有限責任公司) from August 2014 to February 2017;
- worked for Chongqing Real Estate Group Co., Ltd. (重慶市地產集團有限公司) from March 2017 to June 2018;
- served as the principal staff and senior principal staff of the finance management department (financial sharing centre) of Chengdu Communications Investment from July 2018 to September 2023.

Currently, Ms. Zheng also acts as a director of Operation Company and Energy Development Company.

Ms. Zheng graduated from Shanghai University of Finance and Economics in June 2014 with a bachelor's degree in accounting (certified public accountants), and from Sichuan University in December 2021 with a master's degree in business administration. Ms. Zheng obtained the qualification of certified public accountants granted by The Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in May 2017.

## BIOGRAPHICAL DETAILS OF SENIOR MANAGEMENT

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

Name	Position	Term of office <sup>(1)</sup>
Mr. Yang Tan	General Manager	June 2020 – Up to now
Mr. Zhang Guangwen	Secretary to the Board and Joint Company Secretary	December 2016 – Up to now
Mr. Liu Yujiang <sup>(2)</sup>	Deputy General Manager	August 2023 – Up to now
Mr. Xia Wei <sup>(3)</sup>	Chief Accountant	July 2023 – Up to now
Mr. Pan Xin	Deputy General Manager	June 2020 – Up to now
Mr. Ding Dapan	Deputy General Manager	November 2021 – Up to now
Ms. Wang Xiao <sup>(4)</sup>	Deputy General Manager	December 2016 – November 2023
Mr. Luo Dan <sup>(5)</sup>	Chief Accountant	December 2016 – July 2023
Mr. Shu Bin <sup>(6)</sup>	Chief Engineer	September 2021 – August 2023

Notes:

1. Term of office represents the period during which such individuals hold positions listed in the table. For details of their other positions, please refer to the following.
2. Mr. Liu Yujiang was appointed as a deputy general manager of the Company in August 2023.

# BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

3. Mr. Xia Wei was appointed as the Chief Accountant of the Company in July 2023.
4. Ms. Wang Xiao resigned as a deputy general manager of the Company in November 2023.
5. Mr. Luo Dan resigned as the Chief Accountant of the Company in July 2023.
6. Mr. Shu Bin resigned as the chief engineer of the Company in August 2023.

**Mr. Yang Tan (楊坦)**, aged 58, is the Chairman of the Board, an executive Director and the General Manager of the Company. For biographical details of Mr. Yang, please refer to the sub-section headed “Biographical Details of Directors” in this section.

**Mr. Zhang Guangwen (張光文)**, aged 48, has served as the Secretary to the Board of the Company since November 2016. Set forth below are the key biographies of Mr. Zhang:

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

At present, Mr. Zhang also acts as a supervisor (chairman of the supervisory committee) of Operation Company and a director of Energy Development Company.

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

# BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Mr. Liu Yujiang (劉育江)**, aged 43, has served as Deputy General Manager of the Company since August 2023. Set forth below are the key biographies of Mr. Liu:

- trainee and assistant engineer of China Railway Eleventh Bureau Group Second Engineering Co., Ltd. from July 2003 to March 2006;
- worked for Sichuan Province Jiang'an County Transportation Construction Engineering Co., Ltd. from March 2006 to May 2007;
- staff member, deputy section chief of supervision division, section chief of quality supervision division and section chief of safety supervision division of Transportation Infrastructure Quality Supervision Station (Cost Management Station) of Chengdu Municipal Transportation Commission from June 2007 to August 2016;
- deputy general manager of Chengdu Road and Bridge Operation and Management Company Limited (成都市路橋經營管理有限責任公司) from September 2016 to March 2018;
- deputy general manager of Communications Investment Construction and Management from March 2018 to August 2023;
- director of Communications Investment Construction and Management from April 2021 to August 2022.

Mr. Liu graduated from Southwest Jiaotong University in December 2011 with a master's degree in engineering in the field of architecture and civil engineering. Mr. Liu was awarded the qualification of first class constructor (highway engineering) by the Ministry of Human Resources and Social Security and the Ministry of Housing and Urban-Rural Development of the People's Republic of China in January 2010, and was awarded the qualification of senior engineer (road and bridge engineering) by Chengdu Professional Title Reform Leading Group in November 2013.

**Mr. Xia Wei (夏煒)**, aged 48, is an executive Director and Chief Accountant of the Company. For biographical details of Mr. Xia, please refer to the sub-section headed "Biographical Details of Directors" in this section.

**Mr. Ding Dapan (丁大攀)**, aged 36, is an executive Director and Deputy General Manager of the Company. For biographical details of Mr. Ding, please refer to the sub-section headed "Biographical Details of Directors" in this section.

## BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Mr. Pan Xin (潘欣)**, aged 36, has served as Deputy General Manager of the Company since May 2020. Set forth below are the key biographies of Mr. Pan:

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

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

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

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE STRUCTURE

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

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

The Company has adopted the principles and code provisions of good corporate governance as set out in part II of the Corporate Governance Code contained in Appendix C1 to the Listing Rules as its own corporate governance code. Save for deviations from code provisions C.2.1 and B.2.2 of Part 2 of the Corporate Governance Code, the Company has been in compliance with the applicable code provisions throughout the Reporting Period.

Code provision C.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same person at the same time. Mr. Yang Tan, the General Manager of the Company, who performs the same duties as the Chief Executive Officer, has been acting as the Chairman of the Company since 15 March 2023 and was appointed as the chairman of the Company on 7 June 2023. Mr. Yang Tan is familiar with the development strategy, Board operation and business management of the Company. The Board believes that the arrangement for Mr. Yang Tan to concurrently assume the roles of both the Chairman of the Board and the General Manager of the Company will provide the Group with unified leadership, enhance the efficiency of the Company's decision-making and execution, and effectively capture business opportunities. In addition, the duties and division of responsibilities between the Chairman of the Board and the General Manager of the Company have been clearly defined and set out in writing to ensure that their respective duties are carried out in a clear and efficient manner, with clear delineation of authority and responsibility, and such arrangement will not jeopardize the balance of power and responsibility between the Board and the management of the Group. In the future, the Board will review the effectiveness of this arrangement from time to time and separate the roles of the Chairman and the General Manager of the Company as and when appropriate.

Code provision B.2.2 stipulates that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. As disclosed in the announcement of the Company dated 9 June 2023, the term of office of the second session of the Board of Directors and the Supervisory Committee of the Company has expired on 11 June 2023. Given that the nomination of candidates for the new session of Directors and Supervisors of the Company has not yet been completed, in order to maintain the continuity of the work of the Board and the Supervisory Committee of the Company, the election of the new session of the Board and the Supervisory Committee will be postponed, and the terms of office of the special committees under the second session of the Board of Directors of the Company and of the senior management appointed by the Board of Directors will be postponed accordingly. The postponement of election of the Board and the Supervisory Committee will not affect the normal operation of the Company. The Company will actively promote the relevant work and complete the election of the new session of the Board and the Supervisory Committee as soon as possible and fulfill the corresponding information disclosure obligations in a timely manner.

# CORPORATE GOVERNANCE REPORT

## CORPORATE CULTURE OF THE COMPANY

The Company's corporate culture is characterized by diversity, openness, and inclusivity. It embodies the core values of the Group, including our mission, vision and values, which serve as a strong guiding force and cultural foundation for the development of the Group. The Company will continue to uphold this corporate culture, continuously advance our various tasks, provide customers with better services, and create greater value for society.

In 2023, the Company implemented various initiatives and focused on four key areas: stakeholder-centric approach, strong operational performance, talent and culture, and risk management and internal controls. These efforts were aimed at further strengthening the Company's cultural framework. Details of these initiatives are set out in the "Chairman's Statement" and "Corporate Governance Report" sections of this annual report and the "2023 Corporate Social Responsibility Report".

## MISSION OF THE COMPANY

Our mission is to facilitate convenient transportation, shape transformative transportation experiences, and bridge the Chengdu-Chongqing economic zone.

## VISION OF THE COMPANY

Become a "comprehensive service provider for transportation and travel scenarios" rooted in Chengdu with a leading position in the industry and nationwide influence.

Rooted in Chengdu: We will put great efforts in investment, construction, operation, and maintenance of expressways and energy industry in Chengdu and its surrounding areas, and gradually expand to markets in and out of Sichuan.

Leading position in the industry: By actively shaping lifestyle scenarios based on expressways and energy industry, we will establish a service brand, foster innovation, and become a company with significant industry influence and a prominent role in setting standards.

Expanding nationwide: Leveraging national strategies such as the "Chengdu-Chongqing Economic Zone", we will strive to achieve nationwide business development.

## CORPORATE VALUE OF THE COMPANY

Relentless pursuit of innovation, unity and collaboration, courage to shoulder responsibilities, and a commitment to integrity and practicality

# CORPORATE GOVERNANCE REPORT

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

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

## THE BOARD

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

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

# CORPORATE GOVERNANCE REPORT

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

	Actual attendance/Required attendance					
	General Meeting	Board Meeting	Audit and Risk Management Committee Meeting	Nomination Committee Meeting	Remuneration and Evaluation Committee Meeting	Strategy and Development Committee Meeting
<b>Executive Directors</b>						
Yang Tan ( <i>Chairman of the Board and General Manager</i> )	2/2	22/22	N/A	3/3	N/A	3/3
Xia Wei <sup>(1)</sup>	0/0	7/7	N/A	N/A	N/A	N/A
Luo Dan <sup>(2)</sup>	1/1	10/10	N/A	N/A	3/3	N/A
Ding Dapan	2/2	22/22	N/A	N/A	N/A	N/A
<b>Non-executive Directors</b>						
Xiao Jun ( <i>Chairman of the Board, resigned</i> ) <sup>(3)</sup>	0/0	3/3	N/A	N/A	N/A	N/A
Yang Bin <sup>(4)</sup>	1/1	15/15	11/11	N/A	N/A	N/A
Wu Haiyan <sup>(5)</sup>	2/2	22/22	5/5	N/A	3/3	N/A
<b>Independent Non-executive Directors</b>						
Qian Yongjiu	2/2	22/22	N/A	3/3	3/3	3/3
Wang Peng	2/2	22/22	16/16	3/3	3/3	N/A
Leung Chi Hang Benson	2/2	22/22	16/16	N/A	N/A	3/3

**Notes:**

1. Mr. Xia Wei served as an executive Director of the Company commencing from October 2023.
2. Mr. Luo Dan resigned as an executive Director of the Company commencing in July 2023.
3. Mr. Xiao Jun resigned as the Chairman of the Board and a non-executive Director of the Company in March 2023.
4. Mr. Yang Bin resigned as a non-executive Director of the Company and a member of the Audit and Risk Management Committee in October 2023.
5. Ms. Wu Haiyan was appointed as a member of the Audit and Risk Management Committee in October 2023.



# CORPORATE GOVERNANCE REPORT

## CHAIRMAN OF THE BOARD AND THE GENERAL MANAGER

The Chairman of the Board and the General Manager (who discharges the responsibilities of the chief executive officer) of the Company shall, in principle, be held by different persons. On 15 March 2023, Mr. Xiao Jun resigned as the Chairman of the Board, and Mr. Yang Tan acted as the Chairman of the Board commencing from the same date. Upon consideration and approval by the Board on 7 June 2023, Mr. Yang Tan was elected as the Chairman of the Board for a term commencing from the date of election until the expiry of the second session of the Board. Accordingly, the positions of Chairman of the Board and the General Manager are assumed by Mr. Yang Tan, an executive Director. The duties of the Chairman of the Board and the General Manager and the division of the work between them are clearly defined in writing to ensure a definite division of power and duties with clear-cut and efficient implementations of their respective duties.

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

## INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

## TERMS OF APPOINTMENTS OF NON-EXECUTIVE DIRECTORS

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

## DUTIES OF THE BOARD

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

# CORPORATE GOVERNANCE REPORT

The Board is responsible for performing corporate governance functions, including (i) formulating and reviewing the corporate governance policies and practices of the Company; (ii) reviewing and monitoring the training and continuous professional development of the Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices in complying with legal and regulatory requirements; (iv) formulating, reviewing and monitoring codes of conduct and compliance manuals (if any) applicable to employees and the Directors; (v) ensuring that the Company establishes and maintains appropriate and effective risk management and internal control system and overseeing the design, implementation and supervision over the risk management and internal control system by the management of the Company; and (vi) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report. Regarding the performance of the aforementioned functions, during the Reporting Period, the Board has reviewed the Corporate Governance Report of the Company for 2022 and the trainings and continuous professional development undertaken by the Directors and senior management.

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

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

- (i) proposing to the Board the annual work summary of the Company for consideration and approval, and reporting the progress of the resolutions of the Board and updates on major projects of the Company;
- (ii) consulting the opinions of the non-executive Directors, independent non-executive Directors and Supervisors regarding the strategic decisions of the Company;
- (iii) furnishing the Board with management statements and industry overview on a monthly basis, and the securities market regulatory news as and when appropriate;
- (iv) providing the independent non-executive Directors with documents and information required to perform their duties in a timely manner; and
- (v) arranging for Directors to participate in the training on the Listing Rules and providing advice on regulations to Directors and Supervisors upon request to help them fully and systematically understand the Company's operations and the relevant domestic and foreign regulations and principles regarding governance.

# CORPORATE GOVERNANCE REPORT

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

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

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

# CORPORATE GOVERNANCE REPORT

## CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

The Company has established procedures of training (including anti-corruption training) and development for Directors, Supervisors and senior management.

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

A summary of the training and professional development attended by each Director during the year ended 31 December 2023, based on the training records provided by each Director to the Company, is set out below:

Name of Director	Theme Training <small>Notes</small>	Monthly Law and Regulation Updates and Regulatory Dynamics
<b>Executive Directors</b>		
Yang Tan ( <i>Chairman of the Board and General Manager</i> )	✓	✓
Xia Wei	✓	✓
Luo Dan ( <i>resigned in July 2023</i> )	-	✓
Ding Dapan	✓	✓
<b>Non-executive Directors</b>		
Xiao Jun ( <i>Chairman of the Board</i> ) ( <i>resigned in March 2023</i> )	-	✓
Yang Bin ( <i>resigned in October 2023</i> )	-	✓
Wu Haiyan	✓	✓
<b>Independent non-executive Directors</b>		
Qian Yongjiu	✓	✓
Wang Peng	✓	✓
Leung Chi Hang Benson	✓	✓

Notes:

- (1) On 24 October 2023, all the Directors, Supervisors and senior management members of the Company participated in the training regarding "Brief Description of Major Compliance Issues of Hong Kong Listed Companies and Compliance Reminders for A+H Companies" provided by DLA Piper Hong Kong, the legal adviser of the Company as to Hong Kong law.
- (2) From 15 November 2023 to 17 November 2023, Mr. Zhang Guangwen, joint company secretary of the Company, participated in the 73rd forum on enhancing continuous professional development for corporate governance professionals (integrated training for board secretaries/chief financial officers) convened by Hong Kong Chartered Governance Institute.

# CORPORATE GOVERNANCE REPORT

## BOARD COMMITTEES

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

## NOMINATION COMMITTEE

As at the end of the Reporting Period and up to the Reporting Date, the Nomination Committee consisted of three Directors, namely Mr. Yang Tan (executive Director), Mr. Wang Peng (independent non-executive Director) and Mr. Qian Yongjiu (independent non-executive Director). Mr. Qian Yongjiu serves as the chairman of the Nomination Committee. Mr. Xiao Jun (nonexecutive Director) had resigned as a member of the Nomination Committee on 15 March 2023, and Mr. Yang Tan (executive Director) serves as a member of the Nomination Committee commencing from the same date.

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

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

# CORPORATE GOVERNANCE REPORT

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

The Board comprises five members with experience in transportation and education industries, accounting for 71% of the total members of the Board; two members with expertise, academic background and experience relevant to the finance, investment and other financial and economic industries, accounting for 29% of the total members of the Board; three members holding a master's degree or above, accounting for 43% of the total members of the Board; and one female member, accounting for 14% of the total members of the Board, having reached the measurable goal set for the Board diversity policy of the Company. Board members span over 36 to 60 in terms of age and possess diverse work experience, educational background and members of different age groups to provide various perspectives for the development of the Company. The Nomination Committee is of the opinion that the current Board composition is in line with the requirements set out in the Board Diversity Policy. The Board wishes to maintain the proportion of female members at least at the current level and will continue to seek opportunities to increase the proportion of female members in the future should there be suitable candidates.

During the Reporting Period, the Nomination Committee actively performed its duties and convened 3 meetings in total, at which it reviewed the 2022 work report of the Nomination Committee under the Board, reviewed the structure and composition of the Board, the independence of independent non-executive Directors and the continuing professional development training program of Directors and senior management in 2023 and nominated the candidates for executive Directors, Chief Accountant and Deputy General Managers of the Company in accordance with the terms of reference of the Nomination Committee and other systematic requirements.

# CORPORATE GOVERNANCE REPORT

## REMUNERATION AND EVALUATION COMMITTEE

As at the end of the Reporting Period and up to the Reporting Date, the Remuneration and Evaluation Committee consisted of three Directors, namely Ms. Wu Haiyan (non-executive Director), Mr. Wang Peng (independent non-executive Director) and Mr. Qian Yongjiu (independent non-executive Director). Mr. Wang Peng serves as the chairman of the Remuneration and Evaluation Committee.

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

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

# CORPORATE GOVERNANCE REPORT

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

Band of emoluments (in RMB)	Number	
	Year ended 31 December 2023	2022
1 to 100,000	2	–
100,000 to 200,000	3	–
200,000 to 300,000	–	–
300,000 to 400,000	–	–
400,000 to 500,000	1	2
500,000 to 600,000	3	1
600,000 to 700,000	–	3
700,000 to 800,000	–	2

Further particulars regarding Directors' remuneration are set out in Note XIII. 2 to the financial statements of this annual report.

During the Reporting Period, the Remuneration and Evaluation Committee actively performed its duties and responsibilities. It convened 3 meetings in total to consider, among others, the results of annual appraisal and payment of remunerations to senior management of the Company and its subsidiaries for 2022, the target responsibility letters of the management members for the year 2023, and the work report of the Remuneration and Evaluation Committee under the Board.

## AUDIT AND RISK MANAGEMENT COMMITTEE

As at the end of the Reporting Period and up to the Reporting Date, the Audit and Risk Management Committee consisted of three Directors, namely Ms. Wu Haiyan (non-executive Director), Mr. Wang Peng (independent non-executive Director) and Mr. Leung Chi Hang Benson (independent non-executive Director). Mr. Leung Chi Hang Benson, who holds professional qualifications in accounting, serves as the chairman of the Audit and Risk Management Committee. Mr. Yang Bin (non-executive Director) had resigned as a member of the Audit and Risk Management Committee on 24 October 2023.



# CORPORATE GOVERNANCE REPORT

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

During the Reporting Period, the Audit and Risk Management Committee actively performed its duties and convened 16 meetings in total to consider the prospectus (second and third application proof) of Chengdu Expressway Co., Ltd. in relation to initial public offering and listing of RMB-denominated ordinary shares (A Shares) on the main board, the contents of risk management and internal control in the 2022 corporate governance report, the re-appointment of auditor of Chengdu Expressway Co., Ltd. for 2023, the internal audit work plan of Chengdu Expressway Co., Ltd. for 2023, the matters relating to the auditor's fees (remuneration) for 2023, the financial statements and auditor's report for the year of 2022, the 2022 annual results announcement and the 2022 annual report of the Company, the 2023 interim report of the Company and the Company's management over connected transaction-related matters, and independently evaluated and supervised the compliance, legality and effectiveness of the Company's economic activities.

The Audit and Risk Management Committee had reviewed the annual results announcement and annual report of the Company for the year 2023.

# CORPORATE GOVERNANCE REPORT

## STRATEGY AND DEVELOPMENT COMMITTEE

As at the end of the Reporting Period and up to the Reporting Date, the Strategy and Development Committee consisted of three Directors, including Mr. Yang Tan (Chairman of the Board and General Manager), Mr. Qian Yongjiu (independent non-executive Director) and Mr. Leung Chi Hang Benson (independent non-executive Director). Mr. Yang Tan serves as the chairman of the Strategy and Development Committee.

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

During the Reporting Period, the Strategy and Development Committee actively performed its duties and convened three meetings in total to consider the investment in the Chengwenqiong Expressway Expansion Construction Project and the prospectus (second and third application proof) of Chengdu Expressway Co., Ltd. in relation to initial public offering and listing of RMB-denominated ordinary shares (A Shares) on the main board, revised the Plan of Chengdu Expressway Co., Ltd. for Application of Initial Public Offering of RMB Ordinary Shares (A Shares) and Listing on the Shanghai Stock Exchange, and adjusted the Plan of Chengdu Expressway Co., Ltd. for Application of Initial Public Offering of RMB Ordinary Shares (A Shares) and Listing on the Shanghai Stock Exchange, among other matters.

## RISK MANAGEMENT AND INTERNAL CONTROL

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

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

# CORPORATE GOVERNANCE REPORT

## Procedure for identifying, assessing and managing major risks

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

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

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

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

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

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

# CORPORATE GOVERNANCE REPORT

## Characteristics of risk management and internal control system

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

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

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

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

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

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

## Details of major risks and countermeasures

The risks faced by the Group mainly include policy, market and financial risks. The Company attaches great importance to these risks and proactively identifies, assesses and responds to risks in the course of its operations and establishes and improves a systematic risk management mechanism. For details, please refer to the "Directors' Report" of the Company.

# CORPORATE GOVERNANCE REPORT

## Procedure for addressing serious internal control defect

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

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

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

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

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

## Inside information management

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

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

The reporting responsibilities of the Company's auditor for the Company's financial statements for the year ended 31 December 2023 are set out in the independent auditor's report in this annual report.

## INDEPENDENCE OF EXTERNAL AUDITOR

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

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

The Audit and Risk Management Committee of the Company regularly discusses the independence and objectivity of the external auditor. The Company also disclosed in detail the audit service fees paid by the Company to the external auditor in its annual reports in accordance with the requirements of the Corporate Governance Report of Appendix C1 of the Listing Rules (including any entity that is under common control, ownership or management with Ernst & Young Hua Ming LLP or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of Ernst & Young Hua Ming LLP nationally or internationally) and non-auditing service fees, if any.

# CORPORATE GOVERNANCE REPORT

## AUDITOR'S REMUNERATION

For the year ended 31 December 2023, the remuneration payable by the Company to its auditor is set out below:

<b>Item</b>	<b>Amount</b>	<b>Auditor</b>
	<i>(RMB)</i>	
<b>Audit services</b>		
Auditing fee for 2023	1,452,830	Ernst & Young Hua Ming LLP
	(excluding tax)	
Special auditing fee for the Company's initial public offering of A Shares	5,202,453	Ernst & Young Hua Ming LLP
	(excluding tax)	
<b>Total</b>	<b>6,655,373</b>	
	(excluding tax)	

For the year ended 31 December 2023, the Company had RMB2,234,000.00 (including tax) payable to the auditor, which represented the remaining special auditing fee for the Company's initial public offering of A Shares of RMB1,310,000 (including tax) and the remaining annual auditing fee of RMB924,000 (including tax).

## JOINT COMPANY SECRETARIES

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

In order to comply with the requirements of Rule 3.29 of the Listing Rules, during the year ended 31 December 2023, Mr. Zhang Guangwen and Ms. Kwong Yin Ping, Yvonne had attended relevant professional trainings for not less than 15 hours, respectively.

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

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDER COMMUNICATION POLICY

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

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

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

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

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

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

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

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



# CORPORATE GOVERNANCE REPORT

## EMPLOYEE DIVERSITY

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

## DIVIDEND POLICY

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

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

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

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

## AMENDMENTS TO ARTICLES OF ASSOCIATION

On 24 October 2023, in order to bring into full play the fundamental role of the Articles of Association in corporate governance, and facilitate the Articles of Association to be in compliance with the latest legal and regulatory requirements regarding, among other things, "incorporating provisions on the Party building, compliance and accountability into the articles of association", pursuant to the Constitution of the Communist Party of China (《中國共產黨章程》), the Working Rules for Grass-roots Organisations of State-owned Enterprises of the Communist Party of China (Trial) (《中國共產黨國有企業基層組織工作條例(試行)》) and the Notice on Publication of Administrative Measures for Formulation of Articles of Association by State-owned Enterprises (Guo Zi Fa Gai Ge Gui [2020] No. 86) (《關於印發〈國有企業公司章程制定管理辦法〉的通知》(國資發改革規[2020]86號)) and other relevant requirements, the Board resolved to proposed to make certain amendments to the Articles of Association, and make corresponding amendments to the Articles of Association applicable after listing of A shares of the Company. The proposed amendments have been considered and approved at the extraordinary general meeting held on 24 October 2023. For details, please refer to the announcements of the Company dated 24 October 2023 and 21 September 2023 and the circular dated 6 October 2023.

# DIRECTORS' REPORT

The Board is pleased to present this report and the audited financial statements of the Group for the year ended 31 December 2023.

## GROUP ACTIVITIES AND PERFORMANCE

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

The Company's results for the year ended 31 December 2023 and the financial position of the Company as at the same date are set out in the audited financial statements of this annual report.

## BUSINESS REVIEW

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

## FINANCIAL HIGHLIGHTS

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

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

## RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in reserves of the Group during the Reporting Period are set out in the section headed "Consolidated Balance Sheet" and note V.33-35 to the financial statements of this annual report. The total amount of the reserve distributable to equity Shareholders as at the end of the Reporting Period was approximately RMB1,785,400,193.

# DIRECTORS' REPORT

## DIVIDENDS

According to the Reply on the Profit Distribution in the Consolidated Financial Statements issued by the Ministry of Finance, the profit distribution of companies that prepare consolidated accounting statements shall be based on the distributable profits of the parent company. As such, the Board proposed to make profit distribution based on the relevant data stated in the financial statements of the parent company (i.e. the financial statements of the Company) which is prepared in accordance with the China Accounting Standards for Business Enterprises. In 2023, the Company realised net profit of RMB514,452,464, of which distributable profit was RMB463,007,218.

The Board recommended a final cash dividend for 2023 of RMB0.168 per Share (tax inclusive), totaling RMB278,225,136 based on the Company's current total number of Shares of 1,656,102,000. The dividend distribution proposal is subject to the approval by the Shareholders at the AGM to be held on 28 May 2024. If approved, the final dividends are expected to be paid on 26 July 2024 to Shareholders whose names appear on the register of members of the Company on 5 June 2024. Dividends payable to the holders of Domestic Shares will be paid in RMB, and dividends payable to the holders of H Shares will be paid in Hong Kong dollars. The amount of Hong Kong dollars payable will be calculated based on the average central parity rate of RMB to Hong Kong dollars as announced by the People's Bank of China during the calendar week prior to the announcement of declaration of the final dividend at the AGM (if approved).

The amount of dividends proposed for 2023 accounted for approximately 60.1% of the distributable profits stated in the financial statements of the Company during the year. As of the Reporting Date, the Company was not aware of any arrangements pursuant to which any shareholder had waived or agreed to waive any dividends.

## TAXATION ON DIVIDENDS

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

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

## DIRECTORS' REPORT

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

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

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

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

### CLOSURE OF REGISTER OF MEMBERS

The 2023 AGM will be convened on Tuesday, 28 May 2024. In order to ascertain Shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 23 May 2024 to Tuesday, 28 May 2024 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all duly completed transfer forms accompanied by the relevant Share certificates shall be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration before 4:30 p.m. on Wednesday, 22 May 2024. Shareholders whose names appear on the register of members of the Company on Thursday, 23 May 2024 shall be eligible to attend the AGM.

The register of members of the Company will be closed from Monday, 3 June 2024 to Wednesday, 5 June 2024 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for receiving the final dividends, holders of H Shares shall lodge transfer documents with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration before 4:30 p.m. on Friday, 31 May 2024. Shareholders whose names appear on the register of members of the Company on Wednesday, 5 June 2024 shall be eligible to receive final dividends.

# DIRECTORS' REPORT

## PUBLIC FLOAT

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

## SHARE CAPITAL

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

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

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

As of 31 December 2023, based on the information available to the Company and to the best knowledge of the Directors, none of the Directors, Supervisors or chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or were recorded in the register required to be kept by the Company under section 352 of the SFO, or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

# DIRECTORS' REPORT

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As of 31 December 2023, based on the information available to the Company and to the best knowledge of the Directors, the following persons (other than the Company's Directors, Supervisors and chief executive) or corporations had interests or short positions in the Shares or underlying Shares of the Company which had to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register required to be kept by the Company under section 336 of the SFO:

### Domestic Shares

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

#### Notes:

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

# DIRECTORS' REPORT

## H Shares

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

# DIRECTORS' REPORT

## Notes:

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

Save as disclosed above, as at 31 December 2023, the Company had not been notified by any person (other than Directors, Supervisors or chief executive of the Company) or corporation which had an interest or short position in the Shares or underlying Shares of the Company which would be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO.



# DIRECTORS' REPORT

## MAJOR CUSTOMERS AND SUPPLIERS

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

The total purchase amount of the Group during the Reporting Period amounted to approximately RMB1,553,976,588, of which purchases from the five largest suppliers of the Group accounted for 83.3% of our total purchase amount, and purchase from the largest supplier accounted for 48.4% of our total purchase amount.

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

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

## LIST OF DIRECTORS

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

## BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

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

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

# DIRECTORS' REPORT

## DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

## DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

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

## DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

## DEBENTURES ISSUED

For details of debentures issued by the Company, please refer to the section headed "Major Events During the Reporting Period" in this annual report and note V. 27 to the financial statements.

## PERMITTED INDEMNITY PROVISION

The Company maintained Directors' liability insurance to protect them from any loss to which the Directors of the Company might be liable arising from their actual or alleged misconduct. Such insurance was valid throughout the financial year ended 31 December 2023 and still remains in effect as at the Reporting Date.

## MANAGEMENT CONTRACTS

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

## COMPLIANCE WITH THE NON-COMPETITION AGREEMENT

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

## DIRECTORS' REPORT

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

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

During the Reporting Period, the Company did not receive relevant letters from Chengdu Communications Investment and Communications Investment Construction and Management.

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

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

# DIRECTORS' REPORT

## NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

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

### 1. Property Leasing Framework Agreement – Chengdu Communications Investment

Parties and connected relations: The Company and Chengdu Communications Investment (the ultimate controlling Shareholder of the Company and thus a connected person of the Company)

Date and term: Renewed on 7 August 2020 for a term commencing from 1 January 2021 to 31 December 2023. For details, please refer to the announcement of the Company dated 7 August 2020.

As the annual caps of the original property leasing framework agreement and the continuing connected transactions thereunder expired on 31 December 2023, on 27 December 2023, the Company and Chengdu Communications Investment entered into the new property leasing framework agreement for a term of three years commencing from 1 January 2024 to 31 December 2026. Please refer to the announcement of the Company dated 27 December 2023 for details.

Subject: Chengdu Communications Investment Group may lease properties to the Group.

Pricing principle: Determined at arm's-length negotiations between relevant parties and with reference to the prevailing market price of local properties in vicinity with similar size and quality.

Annual cap during the Reporting Period<sup>(1)</sup>: Right-of-use assets with a total amount of RMB27 million

Amount actually incurred: RMB19.7 million

#### Notes:

1. On 27 December 2023, the Board resolved to amend the annual cap under the property leasing framework agreement for the year ended 31 December 2023 from RMB17 million to RMB27 million, details of which are set out in the Company's announcement dated 27 December 2023.

# DIRECTORS' REPORT

## 2. General Services Framework Agreement – Chengdu Communications Investment

Parties and connected relations: The Company and Chengdu Communications Investment (the ultimate controlling Shareholder of the Company and thus a connected person of the Company)

Date and term: Renewed on 7 August 2020 for a term commencing from 1 January 2021 to 31 December 2023. For details, please refer to the announcement of the Company dated 7 August 2020.

As the annual caps of the original general services framework agreement and the continuing connected transactions thereunder expired on 31 December 2023, on 27 December 2023, the Company and Chengdu Communications Investment entered into the new general services framework agreement for a term of three years commencing from 1 January 2024 to 31 December 2026. Please refer to the announcement of the Company dated 27 December 2023 for details.

Subject: Chengdu Communications Investment and its associates may provide the following general services to the Group: to provide property management service and water and electricity services, elevator access control card service, parking management service and repair and maintenance services to the properties of Chengdu Communications Investment and its associates leased by the Group; and to provide management and leasing services and staff canteen catering service to the properties owned by the Group; and to provide other general services as agreed by both parties to the Group.

Pricing principle: Determined based on the general principles and in the following order: (i) Adopting market price; and (ii) If no market price is available or the principles above are not applicable in actual transactions, the agreed price shall be adopted.

Annual cap of total transactions during the Reporting Period: RMB7.4 million

Amount actually incurred: RMB4.5 million

# DIRECTORS' REPORT

## 3. Highway Business Operation Services Framework Agreement – Chengdu Communications Investment

Parties and connected relations: Chengdu Communications Investment and the Company (Chengdu Communications Investment is the ultimate controlling Shareholder of the Company, and therefore is a connected person of the Company)

Date and term: On 20 May 2022, the Company entered into the Highway Business Operation Services Framework Agreement with Chengdu Communications Investment for a term from 20 May 2022 to 31 December 2024. For details, please refer to the announcement of the Company dated 20 May 2022.

Subject: Chengdu Communications Investment shall provide the Group with the comprehensive services in relation to highway business operation, including regular maintenance services, special construction ancillary services, surveying and design, inspection and other comprehensive services in relation to highway business operation as may be further agreed between the parties from time to time.

Pricing policy: The prices for each of the services under the Highway Business Operation Services Framework Agreement shall be determined in the following order: government pricing, government-guided prices, market prices, agreed prices, and for services subject to tender procedures as required by applicable laws and regulations, the pricing shall be based on the prices finally determined through the tender process.

Annual cap of total transactions during the Reporting Period: RMB61 million

Amount actually incurred: RMB19.9 million

# DIRECTORS' REPORT

## 4. Agreements Related to Purchase of Refined Oil

### 4.1 Refined Oil Framework Agreement – Zhongyou Energy

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

Date and term: Renewed on 28 December 2022 for a term commencing from 1 January 2023 to 31 December 2025. For details, please refer to the announcement of the Company dated 28 December 2022.

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

Pricing policy: PetroChina Chengdu Sales Branch shall supply refined oil to Zhongyou Energy at most favourable selling price which shall not exceed the prevailing wholesale price of PetroChina Sichuan Sales Branch (which shall not exceed the prevailing guidance price of refined oil published by the National Development and Reform Commission on its official website ([www.ndrc.gov.cn](http://www.ndrc.gov.cn))), and shall be subject to the confirmation letter of purchase of refined oil confirmed by both parties.

Annual cap of total transactions during the Reporting Period: RMB1,000 million

Amount actually incurred: RMB638.4 million

# DIRECTORS' REPORT

## 4.2 Refined Oil Purchase and Sale Contracts – Huamin Petrol Station (including Chengluo Petrol Station thereunder)

Parties and connected relations: Xinyuanli Energy and Huamin Petrol Station (including Chengluo Petrol Station thereunder) (Huamin Petrol Station (including Chengluo Petrol Station thereunder) are wholly-owned subsidiaries of Chengdu Communications Investment, therefore they are connected persons of the Company)

Date and term<sup>(1)</sup>: Entered into on 28 April 2022 for a term from the effective date of the agreement to 31 August 2023. For details, please refer to the announcement of the Company dated 28 April 2022.

On 27 July 2023, Xinyuanli Energy entered into a supplemental agreement with Huamin Petrol Station to extend the term to 27 April 2025. Please refer to the announcement of the Company dated 27 July 2023 for further details.

Subject<sup>(1)</sup>: Xinyuanli Energy shall supply refined oil to Huamin Petrol Station and Chengluo Petrol Station (established with the fund from Huamin Petrol Station), and payment shall be made before delivery: after both parties confirm the total quantity of oil and the amount payable in accordance with the pricing policy, the purchaser shall remit the payment for the oil to the account of the vendor.

Pricing policy<sup>(1)</sup>: The unit price of respective oil products shall be determined based on the arithmetic average of the daily average oil prices of Chengdu Sinopec and Chengdu PetroChina as published by the Refined Oil Price Center of JLC (<http://www.315i.com/>), and, in case that no daily average oil price is available, the arithmetic average of the daily average oil prices immediately before the date of the sales order shall apply (the aforesaid prices include transportation expenses).

Annual cap of total transactions during the Reporting Period <sup>(2)</sup>: RMB81.1 million

Amount actually incurred: RMB70.2 million

### Notes:

1. On 27 July 2023, Xinyuanli Energy entered into a supplemental agreement with Huamin Petrol Station to extend the term to 27 April 2025 and make certain amendments to the agreement, mainly relating to the pricing policy and the payment method. For details, please refer to the announcement of the Company dated 27 July 2023.
2. The Company considered the actual transaction amounts incurred by Huamin Petrol Station (including Chengluo Petrol Station thereunder) and Xinhua Petrol Station in the first half of 2023, and a potential decrease in oil demand of the petrol stations from Xinyuanli Energy in the second half of 2023 as compared with the first half due to an anticipated diversification in oil purchase channels of the petrol stations. It is expected that the purchase amount of Huamin Petrol Station and Chengluo Petrol Station from Xinyuanli Energy under the amended agreement will not exceed 9,221 tonnes in 2023. The Company resolved to revise the original cap amount of RMB82 million for the eight months ended 31 August 2023 to the new cap amount of RMB81.1 million for the year ended 31 December 2023. For details, please refer to the announcement of the Company dated 27 July 2023.



# DIRECTORS' REPORT

## 4.3 Refined Oil Purchase and Sale Contracts – Xinhua Petrol Station

Parties and connected relations: Xinyuanli Energy, Xinhua Petrol Station (Xinhua Petrol Station is a wholly-owned subsidiary of Chengdu Communications Investment, therefore it is a connected person of the Company)

Date and term<sup>(1)</sup>: Entered into on 28 April 2022 for a term from the effective date of the agreement to 31 August 2023. For details, please refer to the announcement of the Company dated 28 April 2022.

On 27 July 2023, Xinyuanli Energy entered into a supplemental agreement with Xinhua Petrol Station to extend the term to 27 April 2025. Please refer to the announcement of the Company dated 27 July 2023 for further details.

Subject<sup>(1)</sup>: Xinyuanli Energy shall supply refined oil to Xinhua Petrol Station, and payment shall be made before delivery: after both parties confirm the total quantity of oil and the amount payable in accordance with the pricing policy, the purchaser shall remit the payment for the oil to the account of the vendor.

Pricing policy<sup>(1)</sup>: The unit price of respective oil products shall be determined based on the arithmetic average of the daily average oil prices of Chengdu Sinopec and Chengdu PetroChina as published by the Refined Oil Price Center of JLC (<http://www.315i.com/>), and, in case that no daily average oil price is available, the arithmetic average of the daily average oil prices immediately before the date of the sales order shall apply (the aforesaid prices include transportation expenses).

Annual cap of total transactions during the Reporting Period <sup>(2)</sup>: RMB48 million

Amount actually incurred: RMB34.7 million

### Notes:

1. On 27 July 2023, Xinyuanli Energy entered into a supplemental agreement with Xinhua Petrol Station to extend the term to 27 April 2025 and make certain amendments to the agreement, mainly relating to the pricing policy and the payment method. For details, please refer to the announcement of the Company dated 27 July 2023.
2. The Company considered the actual transaction amounts incurred by Huamin Petrol Station (including Chengluo Petrol Station thereunder) and Xinhua Petrol Station in the first half of 2023, and a potential decrease in oil demand of the petrol stations from Xinyuanli Energy in the second half of 2023 as compared with the first half due to an anticipated diversification in oil purchase channels of the petrol stations. It is expected that the purchase amount of Xinhua Petrol Station from Xinyuanli Energy under the amended agreement will not exceed 5,427 tonnes in 2023. The Company resolved to revise the original cap amount of RMB32 million for the eight months ended 31 August 2023 to the new cap amount of RMB48 million for the year ended 31 December 2023. For details, please refer to the announcement of the Company dated 27 July 2023.

# DIRECTORS' REPORT

## 4.4 Refined Oil Purchase and Sale Contracts – Xinyuanli Energy

Parties and connected relations: Xinyuanli Energy and PetroChina Chengdu Sales Branch (Xinyuanli Energy is an indirectly subsidiary of the Company, and PetroChina is a substantial shareholder of Zhongyou Energy, a major subsidiary of the Company, and thus a connected person of the Company)

Date and term: 1 January 2023 for a term from the effective date of the agreement to 31 December 2023.

On 25 September 2023, Xinyuanli Energy entered into the new refined oil purchase and sale contract with PetroChina Chengdu Sales Branch for a term commencing from 1 January 2024 to 31 December 2025.

Subject: Designated type of refined oil supplied from PetroChina Chengdu Sales Branch to Xinyuanli Energy.

Pricing policy: The settlement price charged by PetroChina Chengdu Sales Branch for refined oil products supplied to Xinyuanli Energy shall be the then prevailing wholesale price stipulated by PetroChina Sichuan Sales Branch, with the specific price subject to that available on the date of issuance of invoice.

PetroChina Chengdu Sales Branch shall deliver the refined oil products to the place(s) designated by Xinyuanli Energy, and shall charge transportation fees to Xinyuanli Energy calculated on the following standards: (i) RMB29.00 per tonne of refined oil product for any mileage within 30 kilometres (inclusive); and (ii) RMB0.67 per tonne of refined oil product for every kilometre above the mileage of 30 kilometres, which have been determined based on the then prevailing charging standards set by PetroChina Sichuan Sales Branch.

Annual cap of total transactions during the Reporting Period<sup>(1)</sup>: RMB50 million

Amount actually incurred<sup>(2)</sup>: RMB23.9 million (tax inclusive)

### Notes:

1. The Board expects that the original annual cap will no longer be sufficient to accommodate the demands of Xinyuanli Energy in its course of business given the growing transaction amounts between Xinyuanli Energy and PetroChina Chengdu Sales Branch. As a result, on 21 September 2023, the Board resolved to amend the annual cap for the year ended 31 December 2023 from RMB25.00 million to RMB50.00 million. For details, please refer to the announcement of the Company dated 25 September 2023.
2. As of 31 December 2023, the annual transaction amount (excluding tax) of the purchase made by Xinyuanli Energy from PetroChina Company Limited was RMB21.2 million.

# DIRECTORS' REPORT

## 4.5 Refined Oil Purchase and Sale Contracts – Communications Investment Energy (not yet effective during the Reporting Period)

Parties and connected relations: Communications Investment Energy and each of the connected suppliers (Communications Investment Energy is an indirect material subsidiary of the Company, Yanchang Shell is a substantial shareholder of Communications Investment Energy and each of the connected suppliers is an associate of Yanchang Shell and a connected person of the Company)

Date and term: Entered into on 27 December 2023 for a term from 1 January 2024 to 31 December 2026. For details, please refer to the announcement of the Company dated 27 December 2023

Subject: Communications Investment Energy may purchase designated types of refined oil from each of the connected suppliers.

Pricing policy: Communications Investment Energy will invite each of the connected suppliers to submit quotations, and the final settlement amount will be based on the final price as agreed in the batch business confirmation letter (i.e. the specific purchase order used to determine the purchase price and estimated purchase quantity of designated types of refined oil in a given period) between the parties and the volume actually distributed. The quotation provided by each of the connected suppliers shall be the price of refined oil and delivery (inclusive of tax), being the full cost (inclusive of tax) for delivery to the designated stations of Communications Investment Energy.

Annual cap of total transactions /  
during the Reporting Period:

Amount actually incurred: /

# DIRECTORS' REPORT

## 5. Agreements Related to Entrusted Management or Operation Business

### 5.1 Entrusted Operation and Management Contract – Chengming Expressway Company

Parties and connected relations:	Operation Company and Chengming Expressway Company (a connected subsidiary of the Company and therefore a connected person of the Company)
Date and term:	Renewed on 28 December 2022 for a term commencing from 1 January 2023 to 31 December 2025. For details, please refer to the announcement of the Company dated 28 December 2022.
Subject:	Operation Company is entrusted by Chengming Expressway Company to take charge of the management of Qiongming Expressway and the operation and management of all its supporting facilities.
Pricing policy:	The entrusted operation and management service fee is determined after arm's-length negotiations between the two parties with reference to (i) the Group's operation and management experience of toll expressways and estimation of potential revenue, cost and expenses arising from operation and management of Qiongming Expressway; (ii) the charge standards applied to expressways invested in and operated by other subsidiaries of the Company which are under entrusted operation and management by Operation Company; and (iii) revenue forecast of Qiongming Expressway in the forthcoming years made by Master Alliance (China) Limited, an independent third party, in its Traffic Forecasting Study Report of Qiongming Expressway in Sichuan Province issued to the Company on 23 October 2019.
Annual cap of total transactions during the Reporting Period:	RMB8.64 million
Amount actually incurred:	RMB6.6 million

# DIRECTORS' REPORT

## 5.2 Entrustment Management Agreement – Huamin Petrol Station (including Chengluo Petrol Station Thereunder)

Parties and connected relations: Chengdu Communications Investment, Xinyuanli Energy and Huamin Petrol Station (including Chengluo Petrol Station thereunder) (Chengdu Communications Investment is one of the controlling Shareholders of the Company, and Huamin Petrol Station (including Chengluo Petrol Station thereunder) are wholly-owned subsidiaries of Chengdu Communications Investment, therefore Chengdu Communications Investment and Huamin Petrol Station (including Chengluo Petrol Station thereunder) are connected persons of the Company)

Date and term: Entered into on 29 August 2022. The term of entrusted management of Huamin Petrol Station by Xinyuanli Energy shall commence on 23 April 2022 and end on 31 December 2024; and the term of entrusted management of Chengluo Petrol Station shall commence on 1 October 2022 and end on 31 December 2024. In the event of any change in the shareholding of Huamin Petrol Station prior to the expiry of the management term, the agreement may be terminated earlier through negotiation between the parties. For details, please refer to the announcement of the Company dated 29 August 2022.

Subject: Chengdu Communications Investment agreed to entrust the management of overall corporate operation of Huamin Petrol Station (and Chengluo Petrol Station thereunder) to Xinyuanli Energy, which mainly includes the production and operation activities of petrol stations, as well as the management activities including but not limited to safety, environmental protection, occupational health, equipment and facilities, finance and human resources management for production and operation.

Pricing policy: Xinyuanli Energy shall charge Huamin Petrol Station (and Chengluo Petrol Station thereunder) an annual management fee of 6% of its annual operating revenue.

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

Amount actually incurred: RMB5.1 million

# DIRECTORS' REPORT

## 5.3 Entrustment Management Agreement – Xinhua Petrol Station

Parties and connected relations:	Chengdu Communications Investment, Xinyuanli Energy and Xinhua Petrol Station (Chengdu Communications Investment is one of the controlling Shareholders of the Company, and Xinhua Petrol Station is a wholly-owned subsidiary of Chengdu Communications Investment, therefore Chengdu Communications Investment and Xinhua Petrol Station are connected persons of the Company)
Date and term:	Entered into on 29 August 2022. The term of entrusted management of Xinhua Petrol Station by Xinyuanli Energy shall commence on 23 April 2022 and end on 31 December 2024. In the event of any change in the shareholding of Xinhua Petrol Station prior to the expiry of the management term, the agreement may be terminated earlier through negotiation between the parties. For details, please refer to the announcement of the Company dated 29 August 2022.
Subject:	Chengdu Communications Investment agreed to entrust the management of overall corporate operation of Xinhua Petrol Station to Xinyuanli Energy, which mainly includes the production and operation activities of petrol stations, as well as the management activities including but not limited to safety, environmental protection, occupational health, equipment and facilities, finance and human resources management for production and operation.
Pricing policy:	Xinyuanli Energy shall charge Xinhua Petrol Station an annual management fee of 6% of its annual operating revenue.
Annual cap of total transactions during the Reporting Period:	RMB3.2 million
Amount actually incurred:	RMB2.9 million

# DIRECTORS' REPORT

## 5.4 Entrusted Operation Business Contract – Chengmian Cangba

Parties and connected relations: Operation Company and Chengmian Cangba (Operation Company is a wholly-owned subsidiary of the Company. Chengdu Airport Expressway Company is a material subsidiary of the Company and is owned as to 25% by Sichuan Expressway Company, therefore Sichuan Expressway Company is a connected person of a material subsidiary of the Company. Shudao Group is the holding company of Sichuan Expressway Company and Shudao Group indirectly holds 40% equity interests in Chengmian Cangba, and therefore Chengmian Cangba is an associate of Sichuan Expressway Company. Accordingly, Chengmian Cangba is a connected person at the subsidiary level of the Company)

Date and term: Entered into on 28 December 2023 for a term from 28 December 2023 to 27 December 2025. For details, please refer to the announcement of the Company dated 28 December 2023.

Subject: The operation and management services provided by Operation Company for the Cangba Expressway primarily include, but are not limited to: vehicle toll collection management, utilization and maintenance management of electrical and mechanical facilities, road patrol management, monitoring service management, service area management, maintenance management and safety and emergency response management.

Pricing policy: The amount of service fees shall be determined after arm's length negotiations between the parties with reference to (i) the scope of operation and management of the Cangba Expressway to be undertaken by Operation Company in the future and the work content; (ii) the estimated costs (including labour and property management service fees, staff costs, costs of routine civil maintenance works, testing fees and vehicle usage fees) that may be incurred in the course of operation and management of the Cangba Expressway by Operation Company; and (iii) the prices charged by third parties for providing the same or similar operation and management services.

Annual cap of total transactions /  
during the Reporting Period:

Amount actually incurred: /

# DIRECTORS' REPORT

## 6. Labour Service and Property Management Contract – Expressway Property

Parties and connected relations:	Operation Company and Expressway Property (Operation Company is a wholly-owned subsidiary of the Company. Chengdu Airport Expressway Company is a material subsidiary of the Company and is owned as to 25% by Sichuan Expressway Company, therefore Sichuan Expressway Company is a connected person of a material subsidiary of the Company. Expressway Property is an indirectly owned subsidiary of Shudao Group and also an associate of Sichuan Expressway Company. Accordingly, Expressway Property is a connected person at the subsidiary level of the Company)
Date and term:	Entered into on 28 December 2023 for a term from 28 December 2023 to 27 December 2024. For details, please refer to the announcement of the Company dated 28 December 2023.
Subject:	The services provided by Expressway Property in relation to the Cangba Expressway mainly include: labour services and property services.
Pricing policy:	The Company identified Expressway Property as the trustee under the labour service and property management contract through public tender process. The tender price quoted by Expressway Property was the service fee under the labour service and property management contract, which was slightly lower than the tender control price. The tender control price is determined by the Company prior to the tender after taking into account the labour and property management costs incurred by the Company for the provision of the operation and management services under the entrusted operation business contract with reference to (i) the scope of operation and management services to be provided by the Company under the entrusted operation business contract; (ii) the number of employees required for the management personnel, labour services and property management services as well as the estimated market wages and benefits, etc., of such personnel; and (iii) the prices charged by third parties for the provision of the same or similar services.
Annual cap of total transactions during the Reporting Period:	/
Amount actually incurred:	/



## DIRECTORS' REPORT

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

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

The auditor of the Company have provided a letter to the Board that, in respect of the above-mentioned continuing connected transaction:

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

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

### NON-EXEMPT CONNECTED TRANSACTIONS

The Company's non-exempt connected transactions during the Reporting Period are as follows:

#### Entering into of the Construction Project Entrusted Management Contracts

On 17 March 2021, Energy Development Company and Chengdu Communications Investment entered into the Leijia Service Area Construction Project Entrusted Management Contract, Jintang Service Area Construction Project Entrusted Management Contract, Jianzhou New Town Service Area Construction Project Entrusted Management Contract, Sanxing Service Area Construction Project Entrusted Management Contract and Taiping Bridge Service Area Construction Project Entrusted Management Contract (collectively, the "Construction Project Entrusted Management Contracts"), pursuant to which Chengdu Communications Investment entrusts Energy Development Company to provide project construction management services for the Leijia Service Area in Chengzi Freeway (Jiayang New Section) Project, Jintang Service Area in Chengjinjian Freeway (Jintang Section I) Project, Jianzhou New Town Service Area in Chenglongjian Freeway (Phase II) Project, Sanxing Service Area in Phase II of Jinjianren Freeway (Jintang Avenue to East-West Axis) Project and Taiping Bridge Service Area in Phase II of Jinjianren Freeway (East-West Axis to Airport South Line) Project. The construction projects include complex buildings, parking lots, petrol stations, charging stations and other relevant ancillary facilities of the service areas. The services to be provided by Energy Development Company for the above construction projects include but are not limited to supporting Chengdu Communications Investment in preliminary planning, economic analysis and project assessment of construction projects, conducting project tendering, project construction management and project inspection, acceptance and settlement on behalf of Chengdu Communications Investment, and carrying out trial operation and project maintenance management on behalf of Chengdu Communications Investment.

# DIRECTORS' REPORT

The management fee payable by Chengdu Communications Investment to Energy Development Company in this regard is estimated to be RMB0.953 million, RMB1.021 million, RMB0.579 million, RMB1.135 million and RMB1.164 million, respectively, and Chengdu Communications Investment may offer incentive payment equivalent to 10% of the management fees (maximum total amount estimated to be RMB5.337 million) to Energy Development Company subject to satisfaction of the agreed requirements. As of 31 December 2023, the total amount of management fee transactions under the Construction Project Entrusted Management Contracts amounted to RMB3.288 million.

As Chengdu Communications Investment is the ultimate controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules, the Construction Project Entrusted Management Contracts and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

For details, please refer to the announcement of the Company dated 17 March 2021.

## **Update of Entering into of the Asphalt Procurement Contract and the Tripartite Agreement**

Guocheng Group entered into the asphalt procurement contract with Xinyuanli Energy on 24 May 2021, pursuant to which, Guocheng Group shall procure asphalt from Xinyuanli Energy for the purpose of the construction project. On the same day, Xinyuanli Energy, Guocheng Group and Tianfu Airport Company entered into the tripartite agreement, pursuant to which, each party agrees that, if Guocheng Group fails to settle the payment of asphalt to Xinyuanli Energy as scheduled, Chengdu Communications Investment, the owner of the construction project, shall be entitled to deduct the corresponding amount from the construction payment due to Guocheng Group and pay such amount directly to Xinyuanli Energy. As of 10 January 2023, the final total payment for the asphalt procured by Guocheng Group from Xinyuanli Energy under the asphalt procurement contract was approximately RMB36.16 million, which was slightly higher than the consideration estimated in the announcement dated 24 May 2021 (i.e. RMB36.01 million).

As of 15 November 2022, approximately RMB18.08 million of the above payment remained outstanding to Xinyuanli Energy (the "Outstanding Payment"). On the same day, Guocheng Group issued an entrusted payment letter to entrust Chengdu Communications Investment to settle the Outstanding Payment and the expected default penalty for the overdue payment to Xinyuanli Energy on behalf of Guocheng Group when Chengdu Communications Investment makes construction payment to Guocheng Group in the future (the "Payment"), and the Payment shall be deemed as the same amount of construction payment made by Chengdu Communications Investment to Guocheng Group. As at 10 January 2023, Xinyuanli Energy has received the above Outstanding Payment and the default penalty for the overdue payment in a total amount of approximately RMB20.21 million.

For details, please refer to the announcements of the Company dated 10 January 2023 and 24 May 2021.

A summary of material related party transactions during the Reporting Period is set out in note X to the financial statements. Save as disclosed above, which have complied with the disclosure requirements under Chapter 14A of the Listing Rules, the other related party transactions disclosed in note X to the financial statements do not constitute discloseable connected transactions under the Listing Rules.

# DIRECTORS' REPORT

## OTHER MATTERS

### SUBSCRIPTION FOR STRUCTURED DEPOSITS

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

Subscription date	Subscriber	Bank	Amount (RMB million)	Commencement date	Maturity date	Expected annualised rate of return
3 January 2023	The Company	Construction Bank Corporation	400	5 January 2023	27 June 2023	1.50%-3.40%
3 January 2023	The Company	Bank of Chengdu	50	5 January 2023	27 June 2023	1.54%-3.40%
27 April 2023	Communications Investment Energy	Bank of Chengdu	100	28 April 2023	28 June 2023	1.43%-3.00%
3 July 2023	The Company	Construction Bank Corporation	300	5 July 2023	8 December 2023	1.50%-3.00%
3 July 2023	The Company	Industrial and Commercial Bank	150	5 July 2023	8 December 2023	1.20%-3.04%
3 July 2023	The Company	Bank of Chengdu	50	5 July 2023	8 December 2023	1.54%-3.04%
3 July 2023	Communications Investment Energy	Bank of Chengdu	100	4 July 2023	28 September 2023	1.43%-2.90%
2 November 2023	Communications Investment Energy	Bank of Chengdu	100	3 November 2023	29 December 2023	1.43%-2.60%

For further details regarding subscription of structured deposits, please refer to the announcements of the Company dated 2 November 2023, 3 July 2023, 27 April 2023 and 3 January 2023.

### Establishment of a Joint Venture with Times Battery Services

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

### Investment in the Chengwenqiong Expressway Expansion Project

At the annual general meeting held on 12 May 2023, the Shareholders of the Company considered and approved the Company's investment in the Chengwenqiong Expressway Expansion Construction Project, for which the Company acts as the project investor and Chengwenqiong Expressway Company acts as the project owner to carry out financing and construction. For details, please refer to the announcements of the Company dated 12 May 2023 and 1 March 2023, as well as the circular of the Company dated 14 April 2023.

# DIRECTORS' REPORT

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

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

## A-share Offering Application Materials Accepted by SSE

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

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

## Change in Accounting Estimates

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

## Appointment of Chairman of the Board

Upon consideration and approval by the Board on 7 June 2023, Mr. Yang Tan was elected as the chairman of the Board for a term commencing from the date of election until the expiry of the second session of the Board. For details, please refer to the announcement of the Company dated 7 June 2023.

## Resignation of Director and Change of Authorised Representative

Mr. Luo Dan tendered his written resignation to the Board on 27 July 2023 due to work rearrangement to resign from the positions as an executive Director, an authorised representative (the "Authorised Representative") of the Company under Rule 3.05 of the Listing Rules and the chief accountant, with effect from 27 July 2023. The Board also announces that Mr. Yang Tan, an executive Director, has been appointed as an Authorised Representative with effect from 27 July 2023.

For details, please refer to the announcements of the Company dated 27 July 2023 and 28 July 2023.

# DIRECTORS' REPORT

## Adjustments of the Planned Utilisation Amount of the Proceeds from the Proposed A-Share Offering

On 15 September 2023, in view of the expiry of the validity of the valuation report with a benchmark date of 30 June 2022 issued by an independent valuer with respect to the value of the total shareholders' equity of Chengming Expressway Company, the Company has engaged the independent valuer to issue a new valuation report with respect to the value of the total shareholders' equity of Chengming Expressway Company with a benchmark date of 31 December 2022 (the "Valuation Report"). Pursuant to the Valuation Report, the value of the total shareholders' equity of Chengming Expressway Company under the income approach is appraised to be RMB845.100 million, and accordingly, the reference transaction price for its 49% equity interest is estimated at RMB414.099 million. As such, the Board resolved to adjust the planned utilisation amount of the proceeds from the Proposed A-share Offering allocated to acquisition of 49% equity interest in Chengming Expressway Company from RMB450.000 million to RMB410.000 million pursuant to the authorisation granted by the Shareholders at the extraordinary general meeting, the H share class meeting and the domestic share class meeting, while the planned utilisation amount allocated to other projects to be financed with the proceeds from the Proposed A-share Offering shall remain unchanged, and the total planned utilisation amount of the proceeds to be raised from the Proposed A-share Offering will be adjusted from RMB1,200.000 million to RMB1,160.000 million accordingly.

In view of the registration-based IPO reform for listing on the main board of the SSE, the Board resolved to make corresponding amendments to the A-share offering plan of the Company pursuant to relevant requirements of the IPO registration system.

For details, please refer to the announcements of the Company dated 15 September 2023, 26 October 2022 and 9 September 2022.

## Appointment of Director and Change of Chief Accountant

On 27 July 2023, Mr. Xia Wei (夏煒) ("Mr. Xia") has been appointed as the chief accountant of the Company with effect from 27 July 2023.

Mr. Xia was appointed as an executive Director of the second session of the Board of the Company on 24 October 2023. For details, please refer to the announcements of the Company dated 24 October 2023 and 21 September 2023 and the circular dated 6 October 2023.

## Extension of the Term of Validity of the A-Share Offering Proposal and Extension of the Term of Authorisation to the Board to Deal with Matters Related to the Proposed A-Share Offering

As the term of validity of the A-share Offering Proposal has expired on 25 October 2023 whilst relevant work of the Proposed A-share Offering is still in progress, in order to ensure the validity and continuity of relevant work of the offering, at the extraordinary general meeting, the H share class meeting and the domestic share class meeting held on 24 October 2023, it is approved to extend the term of validity of the A-share Offering Proposal, and approved to extend the term of authorisation to the Board to deal with matters related to the Proposed A-share Offering. The extended term of the A-share Offering Authorisation and the authorisation to the Board to deal with matters related to the A-share Offering shall be 12 months commencing from 24 October 2023. Save and except for the extension of the term of the A-share Offering Authorisation and the authorisation to the Board to deal with matters related to the A-share Offering, other contents of the plan of the A-share Offering Authorisation shall remain unchanged.

For details, please refer to the announcements of the Company dated 24 October 2023 and 21 September 2023 and the circular dated 6 October 2023.

# DIRECTORS' REPORT

## ENVIRONMENTAL POLICY AND PERFORMANCE

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

## COMPLIANCE WITH LAWS AND REGULATIONS

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

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

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

## RELATIONSHIP WITH STAKEHOLDERS

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

## DIRECTORS' REPORT

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

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

### EQUITY-LINKED AGREEMENT

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

### PRE-EMPTIVE RIGHTS

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

### FIXED ASSETS

Details of changes in fixed assets of the Group during the Reporting Period are set out in note V.9 to the financial statements of this annual report.

### INTANGIBLE ASSETS

Details of changes in intangible assets of the Group during the Reporting Period are set out in note V.12 to the financial statements of this annual report.

### EMPLOYEE AND REMUNERATION POLICIES

As of the end of the Reporting Period, the Group had an aggregate of 2,290 employees (31 December 2022: 2,177), including 1,954 front-line staff, accounting for 85.4% of the total number of employees; 253 entry-level staff, accounting for 11.0% of the total number of employees; 58 middle management members, accounting for 2.5% of the total number of employees; and 25 senior management members, accounting for 1.1% of the total number of employees. .

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

## DIRECTORS' REPORT

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

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

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

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

Based on the operating performance targets approved by the Board, the Company will determine the annual tasks and targets for subsidiaries of all ranks, segregate and delegate the Company's objectives to the relevant enterprises and staff. Meanwhile, each subsidiary is required to sign accountability statements on operation results with the general manager of the Company. At the end of 2023, the Board and the general manager determined the overall performance score of the Company and individual performance scores of the senior management members with reference to the state of completion of the Company's and individual performance targets, and calculate the performance bonuses for the senior management members accordingly. The remuneration of all senior management members is subject to review by the Remuneration and Evaluation Committee and needs to be reported to the Board.

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

During the Reporting Period, the relevant staff costs amounted to RMB367,956,918 (2022: RMB348,574,952). For details, please refer to Note V.48 to the financial statements of this annual report.



# DIRECTORS' REPORT

## MAJOR RISKS AND UNCERTAINTIES

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

### Policy risks and the corresponding measures

#### *Renew or extend the duration of right to operate expressway*

The remaining operating period of the Group's expressways ranges from 0 year to 14 years, in which the toll collection of the Chengdu Airport Expressway Company will expire on 1 December 2024. While the Group strives to renew or extend the operating periods of its expressways, it cannot assure that the Group will be able to obtain the necessary approval from relevant government authorities. Failure to extend the duration of our right to operate the expressways may materially and adversely affect the Group's business, results of operations and financial condition. Any adverse change to such arrangements with local governments could have a material adverse effect on the Group's financial position, results of operations and prospects.

#### *Tolling policy*

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

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

## DIRECTORS' REPORT

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

### *Corresponding measures*

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

### **Market risks and corresponding measures**

#### *Impact of decline in traffic volume*

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

## DIRECTORS' REPORT

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

### *Impact of competing roads and alternative forms of transportation*

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

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

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

### *Corresponding measures*

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

### *Risk of short-term performance impact from Chengwenqiong Expressway Expansion Construction Project and subsequent weaker-than-expected performance*

According to the Reply on Matters Relating to the Construction of Chengdu-Wenjiang-Qionglai Expressway Expansion Project (Chuan Ban Han [2023] No. 16) (《關於建設成都經溫江至邛崃高速公路擴容項目有關事宜的覆函》(川辦函[2023]16號)) issued by the People's Government of Sichuan Province on 1 March 2023, Chengwenqiong Expressway will undergo an expansion and renovation project, which is scheduled to begin construction within 2024, with a construction period of three years. The total investment of the project is approximately RMB12.652 billion. During the construction period of the Chengwenqiong Expressway expansion and renovation project, it will adversely affect the traffic capacity of the original roads, which could potentially impact the Company's short-term business performance.

# DIRECTORS' REPORT

Furthermore, after the completion of the expansion and renovation project, the toll policy (including toll rates and duration) will be determined by the People's Government of Sichuan Province, taking into account the new investment in the expansion project and the remaining revenue of the original roads, based on the statutory toll period. If the toll policy is less than expected, the Company is subject to the risk that the subsequent business performance of Chengwenqiong Expressway will be weaker than expected.

## *Corresponding measures*

The Company will actively carry out various preliminary work for the expansion and renovation, and prepare a traffic organization plan to reduce the impact on short-term business performance due to the expansion and renovation. At the same time, the Company will strengthen the communication with governmental departments and make proper cost budgeting, so as to ensure that the revised toll rates and standards will meet the Company's investment expectations.

## *Impact of the selling prices of the energy segment*

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

## *Corresponding measures*

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

The Group also actively seeks to increase the number of operating sites of petrol stations in order to expand its scale of operation and improve its operating results.

## **Financial risks and corresponding measures**

For the Company's financial risks and uncertainties, please refer to Note III.28 and Note VIII.2 to the financial statements in this annual report.

## **ESG risks and corresponding measures**

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

# DIRECTORS' REPORT

## SUBSEQUENT EVENTS

### Subscription for Structured Deposits

The Company subscribed for the structured deposit on 3 January 2024 offered by Chengdu No.1 Sub-branch of China Construction Bank Corporation (中國建設銀行股份有限公司) for an amount of RMB300 million which is principal-guaranteed with floating return with a term from 5 January 2024 to 27 June 2024 and an expected annualised rate of return of 1.05% to 3.00%. On the same date, the Company subscribed for the structured deposit offered by Chengdu Binjiang Sub-branch of Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司) for an amount of RMB200 million which is principal-guaranteed with floating return with a term from 5 January 2024 to 27 June 2024 and an expected annualised rate of return of 1.2% to 2.39%.

For further details regarding the subscription of structured deposits, please refer to the announcement of the Company dated 3 January 2024.

### Electronic Dissemination of Corporate Communications

Rule 2.07A of the Listing Rules, which came into effect on 31 December 2023, relates to the expansion of the paperless listing regime and the electronic dissemination of corporate communication documents. The Company has adopted electronic means to disseminate corporate communications, and notified the registered Shareholders and non-registered Shareholders of the Company of the "Arrangement of Electronic Dissemination of Corporate Communications" on 20 February 2024, and Computershare Hong Kong Investor Services Limited will be responsible for registration and arrangement of the requests of the Shareholders. For details, please refer to the circular of the Company dated 20 February 2024.

## CHARITABLE UNDERTAKINGS

The Group actively supports various community welfare activities, including paying visits to the elderly living alone, organizing publicity activities in the community, assisting in the prevention and control of pandemic and setting up employee service platforms. During the Reporting Period, the Group's employee volunteer groups performed a total of 920 hours of community service. For details, please refer to "6. Building an Inclusive Community" in the Environmental, Social and Governance Report.

# DIRECTORS' REPORT

## INDEPENDENT AUDITOR

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

Ernst & Young Hua Ming LLP has been re-appointed by the Company as the auditor for 2023. The 2023 financial statements of the Company prepared under the China Accounting Standards for Business Enterprises have been audited by Ernst & Young Hua Ming LLP, who issued an unqualified audit report thereon.

Ernst & Young Hua Ming LLP will retire upon expiry of its term of office and will be eligible for re-appointment at the annual general meeting.

## AUDIT AND RISK MANAGEMENT COMMITTEE

The Company has established an Audit and Risk Management Committee in accordance with the requirements of the Corporate Governance Code to review and oversee the financial reporting, risk management and internal control of the Group. The Audit and Risk Management Committee of the Company has discussed with the management and reviewed the audited financial statements of the Group for the year ended 31 December 2023.

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

By order of the Board

**Chengdu Expressway Co., Ltd.**

**Yang Tan**

*Chairman and General Manager*

Chengdu, the PRC, 27 March 2024

# REPORT OF THE SUPERVISORY COMMITTEE

In 2023, the supervisory committee of Chengdu Expressway Co., Ltd. (the “Supervisory Committee”) launched earnest study into and implemented the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. In strict accordance with the Company Law, the Articles of Association, the Rules of Procedure of the Supervisory Committee of the Company and relevant laws and regulations including the regulatory requirements of the State-owned Assets Supervision and Administration Commission, and with the core objectives of safeguarding the legitimate rights and interests of the Company and its Shareholders and promoting the high-quality development of the Company, the Supervisory Committee exercised supervision over the compliance with laws and regulations in regular reports, compliance operation, information disclosure, internal control and major events as well as the duty performance of the Directors and senior management of the Company with the support and cooperation of the Board of Directors and senior management of the Company. The work done by the Supervisory Committee in 2023 is hereby presented as follows:

## I. WORK OF THE SUPERVISORY COMMITTEE

### (I) Composition of the Supervisory Committee

The second session of the Supervisory Committee of the Company consists of five Supervisors, including three shareholder representatives and two employee representatives of the Company.

### (II) Meetings of the Supervisory Committee and Consideration of Proposals

During the year, the Supervisory Committee convened a total of 6 meetings. The noticing, convening, holding and voting procedures of the meetings complied with the Articles of Association, the Rules of Procedure of the Supervisory Committee, and a total of 18 proposals approved thereat were truthful, valid and complete and unanimously adopted. Particulars of such meetings are set out below:

1. On 21 March 2023, the Company convened the first meeting of the second session of the Supervisory Committee in 2023, at which the following proposals were considered and approved: Proposal on Consideration of Amendments to the Plan for Application for the Initial Public Offering and Listing of RMB-denominated Ordinary Shares (A Shares) on the Shanghai Stock Exchange of Chengdu Expressway Co., Ltd. and Proposal on Consideration of the Prospectus (Second Application Proof) of Chengdu Expressway Co., Ltd. in Relation to Initial Public Offering and Listing of RMB-denominated Ordinary Shares (A Shares) on the Main Board.

## REPORT OF THE SUPERVISORY COMMITTEE

2. On 27 March 2023, the Company convened the second meeting of the second session of the Supervisory Committee in 2023, at which the following proposals were considered and approved: Proposal on Consideration of the 2022 Annual Results Announcement and 2022 Annual Report of Chengdu Expressway Co., Ltd., Proposal on Consideration of the Prospectus (Third Application Proof) of Chengdu Expressway Co., Ltd. in Relation to Initial Public Offering and Listing of RMB-denominated Ordinary Shares (A Shares) on the Main Board, Proposal on Consideration of the 2022 Final Financial Accounts Report of Chengdu Expressway Co., Ltd., Proposal on Consideration of Profit Distribution and Dividend Payment of Chengdu Expressway Co., Ltd. in 2022, Proposal on Consideration of the Financial Reports of Chengdu Expressway Co., Ltd. for 2020, 2021 and 2022 and the Special Report, Proposal on Consideration of 2022 Self-assessment Report on Internal Control of Chengdu Expressway Co., Ltd., Proposal on Consideration of the 2022 Enterprise Risk Management Report of Chengdu Expressway Co., Ltd., Proposal on Determining the Related-party Transactions of Chengdu Expressway Co., Ltd. for 2020, 2021 and 2022, Report on the List of Connected Persons under the Hong Kong Listing Rules after the 2023 Update and Proposal on Consideration of the Report of the Supervisory Committee in 2022 of Chengdu Expressway Co., Ltd.
3. On 29 August 2023, the Company convened the third meeting of the second session of the Supervisory Committee in 2023, at which the following proposals were considered and approved: Proposal on Consideration of 2023 Interim Results Announcement and Interim Report of Chengdu Expressway Co., Ltd. and Proposal on Consideration of Not Declaring 2023 Interim Dividend of Chengdu Expressway Co., Ltd.
4. On 21 September 2023, the Company convened the fourth meeting of the second session of the Supervisory Committee in 2023, at which the Proposal on Consideration of Amendments to the Articles of Association of Chengdu Expressway Co., Ltd. was considered and approved.
5. On 31 October 2023, the Company convened the fifth meeting of the second session of the Supervisory Committee in 2023, at which the Proposal on Consideration of the 2023 Third Quarterly Financial Statements of Chengdu Expressway Co., Ltd. was considered and approved.
6. On 20 December 2023, the Company convened the sixth meeting of the second session of the Supervisory Committee in 2023, at which the following proposals were considered and approved: Proposal on Consideration of the Financial Reports of Chengdu Expressway Co., Ltd. for 2020, 2021 and 2022 and the Six Months Ended 30 June 2023 and the Special Report and Proposal on Determining the Related-party Transactions of Chengdu Expressway Co., Ltd. for 2020, 2021 and 2022 and the Six Months Ended 30 June 2023.



# REPORT OF THE SUPERVISORY COMMITTEE

## **(III) Attendance of Supervisors at General Meetings and Board Meetings**

During the year, the Supervisory Committee attended 4 general meetings and 23 Board meetings as non-voting participant, at which it considered 33 and 140 resolutions, respectively. The Supervisory Committee proactively participated in discussions regarding material decisions of the Company, supervised the compliant operation and scientific decision-making of the Company and safeguarded the ongoing, healthy and steady development of the Company through supervision and inspection of the implementation of the resolutions approved at general meetings and Board meetings, major decision-making procedures and compliance of the operating activities of the Company.

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

During the year, the Supervisory Committee performed its duties diligently and thoroughly carried out its supervisory functions to ensure that it had a comprehensive and in-depth understanding of the Company's overall operation and kept abreast of the Company's development. The Supervisory Committee hereby presents its opinions on the following aspects:

### **(I) Compliance Operation of the Company**

The Supervisory Committee supervised the operation of the Company during the year and attended general meetings and Board meetings of the Company according to law, thereby imposing strict supervision over the duty performance of the Directors and management members of the Company. The Supervisory Committee is of the opinion that the convening, holding, decision and decision-making procedures of the general meetings and Board meetings complied with the requirements of the Company Law and the Articles of Association, the Board was able to make scientific decisions subject to resolutions passed at general meetings, and correctly required and instructed management members to carry out effective business operations in strict accordance with laws and regulations and within the delegation of the Board. The Company has excelled in fulfilling its various operational and management tasks. In particular, it effectively reduced costs and increased efficiency and exceeded the revenue and profit targets set for the year. It also made significant efforts to enhance the quality and standards of the expressway network under its management, leading to multiple commendations and prestigious accolades. By implementing various measures such as renovation and expansion of existing expressways and upgrading its self-owned service areas, the Company enhanced its core competitiveness in the industry. During the year, the Supervisory Committee did not identify any behavior of Directors and management members in discharging their duties and exercising powers which violated laws and regulations and the Articles of Association and prejudiced the interests of the Company and the Shareholders.

# REPORT OF THE SUPERVISORY COMMITTEE

## (II) Financial Condition of the Company

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

## (III) Review Opinions on Various Reports of the Company in 2023

During the year, the Supervisory Committee reviewed the Company's final financial accounts for 2022, the financial statements for the first quarter of 2023, the 2023 interim report, the financial statements for the third quarter of 2023, the corrected financial reports for 2020 to 2022, and various other reports. The Supervisory Committee is of the opinion that the financial reports of the Company in 2023 were prepared in line with laws and regulations, and gave an objective, true, accurate and complete view of the actual operation condition of the Company in all respects without misrepresentation, misleading statements or material omissions.

## (IV) Internal Control of the Company

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

## (V) Enterprise Risk Management of the Company

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

# REPORT OF THE SUPERVISORY COMMITTEE

## III. WORK PLAN OF THE SUPERVISORY COMMITTEE IN 2024

In 2024, the Supervisory Committee will remain committed to the following work plans in accordance with the Company Law, the Articles of Association, the Rules of Procedure of the Supervisory Committee and relevant laws and regulations, as well as requirements of the Company's regulations:

- (I) The Supervisory Committee will strengthen its supervision responsibilities in 2024, closely monitor the Company's financial condition and operational performance, particularly due to the commencement of construction of the Chengwenqiong Expressway Expansion Construction Project, so as to ensure the healthy development of the Company. It will continue to review and supervise the compliance of the Board's decisions and decision-making procedures as well as the fulfillment of compliance management responsibilities by Directors and senior management, so as to improve corporate governance and ensure the compliant operation of the Company.
- (II) The Supervisory Committee will actively exercise its functions, maintain its independence and objectivity in the overall interests of the Company, conduct comprehensive and in-depth understanding and analysis of the Company's operations and management, and provide recommendations and opinions on the Company's development strategy, risk management and internal control.
- (III) The Supervisory Committee will strengthen communication with the Board and the management, understand the actual situation and needs of the Company, identify the weak points in the development and implementation process of the Company, and facilitate the targeted optimization and improvement of the Company, so as to actively contribute to the long-term and stable development of the Company.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1. ABOUT THE REPORT

Chengdu Expressway Company Limited (“the Group” or “we” or “us” or “the Company”) published its sixth Environmental, Social and Governance (“ESG”) Report, aiming to report on our principles, strategies, practices and sustainability performance in fulfilling our social responsibilities in 2023 and respond to important issues of concern to our stakeholders.

### Basis of Preparation

This report is prepared in strict accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) as set out in Appendix C2 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). This report has complied with the “mandatory disclosure requirements” and “comply or explain” provisions and the “materiality”, “quantitative”, “balance” and “consistency” reporting principles as contained in the Guide.

Materiality	We have disclosed the process to identify and the criteria for the selection of material ESG issues, and description of key stakeholders identified, and the process and results of the stakeholder engagement. For details of the materiality assessment process, please refer to the section headed “Analysis of Material ESG Issues” in this report.
Quantitative	The Group discloses the applicable quantitative KPIs <sup>1</sup> as set out in the Guide. Information on the standards, methodologies, assumptions and/or calculation tools, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) have been disclosed herein.
Balance	This report gives a fair and impartial view of the Group’s performance during the Reporting Period without omissions or the inappropriate use of selections that would influence a decision or judgment by the stakeholders.
Consistency	To the extent practicable, data contained herein are collected using methods consistent with those adopted in previous years. We have disclosed herein any changes or revisions to the methods or KPIs used.

### Reporting Scope

This report illustrates the overall ESG performance of the Group during the period from 1 January 2023 to 31 December 2023 (the “Year” or “Reporting Period”). Unless otherwise specified, data on environmental and social aspects as disclosed in this report are entirely derived from businesses under direct control of the Group. For detailed information on the corporate governance of the Group, please refer to the section headed “Corporate Governance Report” in the annual report or the official website of the Group at <http://www.chengdugs.com/>.

<sup>1</sup> Data with decimal places are rounded off in this report.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Reporting Language

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

## Approval of the Report

This report has been approved for release by the board of directors of the Group (the “Board”) on 27 March 2024.

## Feedback to the Report

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

## 2. SUSTAINABLE DEVELOPMENT GOVERNANCE

Chengdu Expressway is principally engaged in the operation, management and development of expressways located in and around Chengdu, Sichuan Province, as well as retail of refined oil and operation of natural gas. Business operations are divided into the “expressway” segment and “energy” segment. The Group is committed to the principle of sustainable development. In the course of our growth and business expansion, we have incorporated environmental, social and governance considerations into our operating strategies to demonstrate our full commitment to corporate social responsibility.

### 2.1 Board Statement

In order to further promote the Group’s ESG development efforts, we have established a comprehensive ESG system and integrated ESG concepts into the Group’s daily operations. In addition to comprehensively overseeing our internal sustainability efforts, the Board of Directors is also responsible for discussing, reviewing and approving the Group’s ESG management policies, strategies and risk management. We have prioritized important ESG issues with materiality assessment results confirmed by the Board of Directors in order to adjust effective ESG strategies and risk management plans.

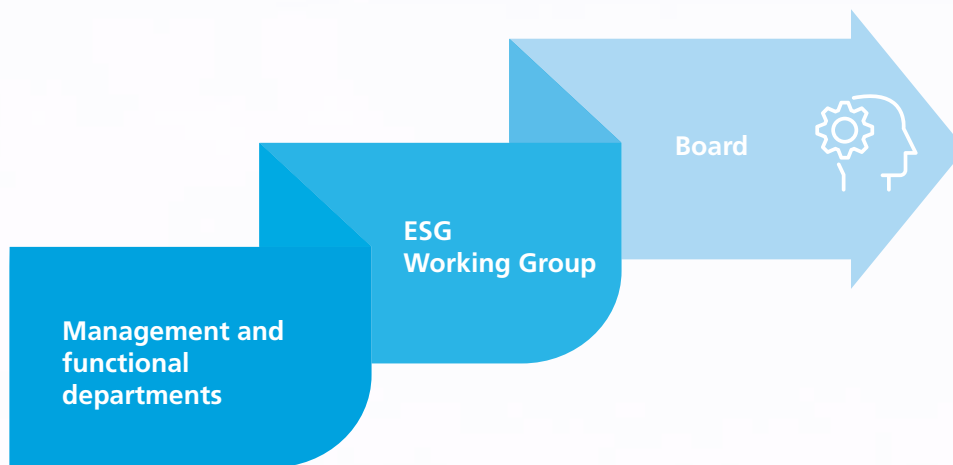
Under the authorization of the Board of Directors, we have established an ESG working group to supervise and facilitate the implementation of various ESG matters. The Board of Directors approves and confirms the sustainability policies and measures formulated by the ESG working group and is responsible for the ESG strategy and reporting.

We persist in incorporating the sustainability concept of low-carbon and environmental protection into our operating strategies and actively pursue the goal of “carbon peaking and carbon neutrality”. As such, we have set directional environmental targets, including targets for emission reduction, waste reduction, energy efficiency and water efficiency, and will regularly review the Group’s progress towards our ESG targets.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2.2 ESG Structure

In order to effectively fulfill its commitment to fully integrate ESG concepts into corporate governance, the Group has therefore established an ESG system led by the Board of Directors, with other components comprising the ESG working group, management and various functional departments. The Board is fully responsible for ESG strategy and reporting, assessing and reviewing relevant risks, regularly evaluating the ESG risk management and internal control systems and ensuring their effective operation, and approving the annual ESG report. The ESG working group is responsible for promoting the development of ESG efforts and reporting to the Board. The management and functional departments are responsible for the specific implementation of ESG work.



ESG Structure

The ESG working group consists of four Board members and one secretary to the Board. The group members shall be determined by the Board upon consideration, and the group leader shall be nominated by the chairman of the Board and officially appointed by the Board. The term of the members shall be the same as that of the Board members and the secretary to the Board. Group members may offer themselves for re-election upon expiry of their terms. The ESG working group held 5 meetings during the Reporting Period. The responsibilities of the ESG working group include:

- to determine and approve the ESG management policies and strategies, including processes of evaluating, prioritising and managing material ESG-related matters (including business risks);
- to review and supervise ESG policies and practice, and search material ESG information;



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- to analyse the correlation between ESG risks (including climate change risks) and the overall risk management system, and raise advice on risk control;
- to supervise implementation of ESG policies by each functional department, including quality of working environment, environmental protection, operation practice, community engagement and animal protection;
- to collect and analyse ESG-related key performance indicators on a regular basis and submit to the Board for consideration, so as to inform the Board of the progress towards fulfillment of ESG management performance objectives;
- to join in preparation of the annual ESG report, and submit to the management and the Board for consideration and approval;
- to maintain operation of the corporate social responsibility management system, and enhance employees' awareness of corporate social responsibilities;
- to respond to suggestions on material ESG matters raised by shareholders and key stakeholders;
- to ensure that the Group acts in compliance with relevant laws and regulatory requirements, and monitor and address latest ESG issues; and
- to put forward advice to the Board as and when appropriate to enhance the Group's ESG performance.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2.3 Communication with Stakeholders



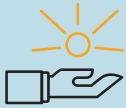

The Group recognizes the importance of stakeholders' opinions in enabling a company to effectively carry out its ESG efforts, and we maintained effective communications and exchanges with stakeholders to establish our sustainability policies during the Reporting Period. We highly value the opinions of all stakeholders, communicate with different stakeholders, including but not limited to shareholders/investors, customers, employees, business partners, suppliers, regulatory bodies, media, community/non-governmental organisations and peer companies, through various channels to ensure that we promptly understand the recommendations and expectations of our stakeholders.

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









# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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



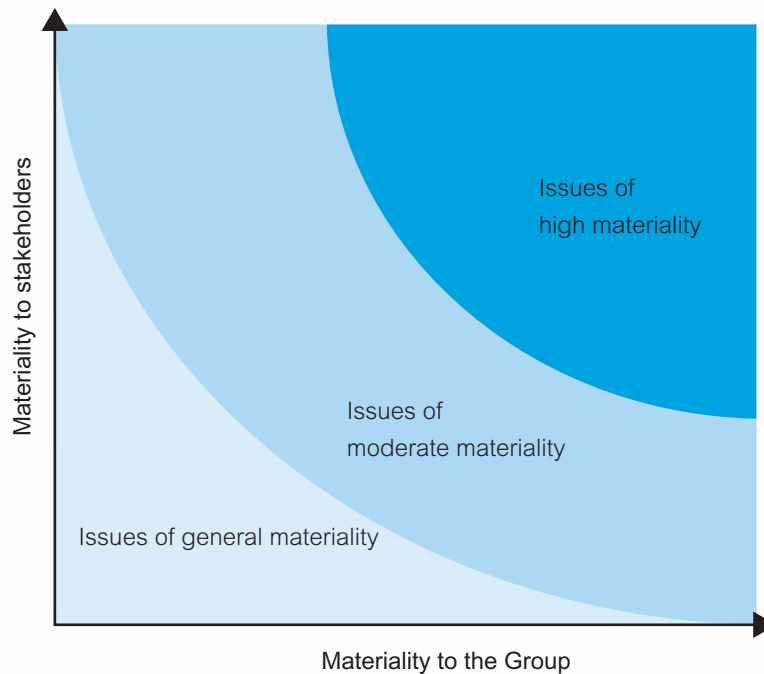
# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2.4 Analysis of Material ESG Issues

In order to fully understand and respond to the demands, opinions and expectations of stakeholders on the Group's ESG efforts, the Group had conducted a materiality assessment. At that time, we made reference to the disclosure obligations under the Guide, the Materiality Map issued by the Sustainability Accounting Standards Board (SASB) and the best practice in the industry, and after meticulous analysis, we ultimately identified 28 material issues, including 18 of high materiality, 3 of moderate materiality and 7 of general materiality.

Over the Year, there was no material change in our stakeholders, business and operation environment. Therefore, after reviewing the results of the most recent ESG materiality assessment and taking into account the actual business development, the Board confirmed that the results of the materiality matrix are still applicable to the Reporting Period, and capable of addressing the expectations of our stakeholders. As a result, the Company will continue to use the aforesaid materiality matrix for the Year. Based on the significance of these issues, we make disclosures in subsequent sections of this report to address the specific concerns of the stakeholders.

**Materiality Matrix**



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Issues of high materiality	Relevant section
Risk management of significant events	3. Adhering to the Philosophy of Stable Operation
Sustainable development management system	2. Sustainable Development Governance
Road quality	3. Adhering to the Philosophy of Stable Operation
Road transportation efficiency	3. Adhering to the Philosophy of Stable Operation
Safety production	3. Adhering to the Philosophy of Stable Operation
Anti-corruption	3. Adhering to the Philosophy of Stable Operation
Prevention of unfair competition	3. Adhering to the Philosophy of Stable Operation
Supply chain management	3. Adhering to the Philosophy of Stable Operation
Noise management	5. Implementing Green Operation Approach
Promotion of local employment	4. Nurturing Outstanding Talents
Customer service quality	3. Adhering to the Philosophy of Stable Operation
Protection of customer privacy	3. Adhering to the Philosophy of Stable Operation
Customer complaint handling	3. Adhering to the Philosophy of Stable Operation
Employee compensation and benefits	4. Nurturing Outstanding Talents
Occupational safety and health	4. Nurturing Outstanding Talents
Employee training and development	4. Nurturing Outstanding Talents
Talent management	4. Nurturing Outstanding Talents
Prohibition of child and forced labour	4. Nurturing Outstanding Talents

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Issues of moderate materiality	Relevant section
Water consumption and efficiency management	5. Implementing Green Operation Approach
Use of land	5. Implementing Green Operation Approach
Community charitable undertakings	6. Building an Inclusive Community
Issues of general materiality	Relevant section
Greenhouse gas emission management	5. Implementing Green Operation Approach
Wastewater discharge management	5. Implementing Green Operation Approach
Energy consumption and efficiency management	5. Implementing Green Operation Approach
Air pollutant emission management	5. Implementing Green Operation Approach
Waste management	5. Implementing Green Operation Approach
Resource utilisation and recycling	5. Implementing Green Operation Approach
Protection of intellectual property rights	3. Adhering to the Philosophy of Stable Operation

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 3. ADHERING TO THE PHILOSOPHY OF STABLE OPERATION

The Group recognizes that legal and responsible operation can effectively safeguard the Group's assets and shareholders' interests, and we therefore strictly abide by national and regulatory laws and regulations. The Group attaches great importance to risk management and internal control, and continuously improves its risk management procedures and system structure to ensure the ability to operate on a going-concern basis, enable the Company's expressway-related businesses to meet national and industry standards, optimize the service quality of its expressway and petrol and gas stations, and enhance the efficiency of corporate governance in order to facilitate stable corporate development.

### 3.1 Road and Energy Safety Management

The Group is principally engaged in the operation, management and development of expressways, therefore we attach great importance to road safety, proactively introduce brand-new expressway maintenance technologies to improve expressway construction service quality, and further guarantee transportation security. Meanwhile, we also engage in operation of refined oil and natural gas businesses and to ensure operation safety, we employ advanced security supervision mechanism, establish security information platform and impose daily supervision to deliver the best services to our customers.

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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Road and Energy Safety Management Principle



During the Year, we formulated the Maintenance Management Department Work Management Rules, which stipulates that the maintenance management department is responsible for coordinating the maintenance work of the expressways under the Group, and the related duties include formulating the maintenance management rules, standards and quality assessment system in line with the actual situation of the expressways under management of Operation Company, and formulating the Company's annual maintenance plan. Maintenance work should be carried out with the objective of maintaining road integrity and ensuring expressway safety.

In order to facilitate the compliant and standardized operation of routine road maintenance inspections, we updated the Maintenance Work Safety Management Rules during the Year, setting out the scope of routine maintenance inspection and the contents of the inspection, such as road surface condition and inspection of drainage facilities, with a view to enhancing the service quality and improving the road conditions. The Group also actively pursued safety objectives and inspections, and formulated the budget for road routine maintenance in 2023, which included the costs of cleaning, greening and minor maintenance to ensure that the routine maintenance work is carried out in an orderly manner.

Pursuant to the Law of the PRC on Work Safety (《中華人民共和國安全生產法》), the Law of the PRC on the Prevention and Treatment of Occupational Diseases (《中華人民共和國職業病防治法》) and other relevant laws, the Group formulated the Safety Production Responsibility System (《安全生產責任制度》), which contained regulation for the emergency management of the Company to promptly and effectively tackle production safety accidents, maximise control on and mitigate losses caused by production safety accidents, and maintain the Company's social image and operation stability.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

The Group has formulated the Expressway Maintenance Management Rule with the objective of building "high-quality, beautiful, uninterrupted, green and safe" expressways to ensure safe, fast, comfortable and uninterrupted road traffic, and to improve the quality and service standards of expressway maintenance. We have developed the following principles for expressway maintenance management:

- Adhere to the principles of government supervision, market participation, scientific decision-making, standardized management, green and low-carbon practices, high quality and efficiency and safe and smooth traffic, and implement the concept of preventive and life-cycle maintenance.
- Strictly comply with existing national, provincial, and industry laws, regulations, rules, provisions, norms, procedures, standards and requirements.
- Fully utilize modern information technology to achieve information-based management in routine inspections, detection results, material design, progress planning, quality and safety, design changes, and payment measurement.

In addition, the Company also promoted the Safety Inspection System (《安全檢查制度》), Management System for Investigation and Remediation of Potential Safety Hazards (《安全隱患排查整治管理制度》), Double Reporting System for Investigation and Management of Major Potential Hazards (《重大隱患排查治理“雙報告”制度》), Maintenance Operation Safety Management System (《養護作業安全管理制度》) and Management Measures for Information Reporting, Investigation and Handling of Emergencies and Safety Accidents (《突發事件、安全事故信息報告及調查處理管理辦法》), examined the development and implementation of safety rules and regulations of its subsidiaries, improved inspection on potential safety hazards in petrol stations, gas stations, construction projects, accident-prone sites (sections) on expressways, overpasses, service areas, idle areas and other key areas, made immediate reports of safety hazards identified during the inspections, and urged relevant entities to implement corrective actions in order to minimize the occurrence of safety accidents.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In the energy segment, we formulated the Production Safety Management Procedures (《安全生產管理程序》), the Emergency Management Procedures (《應急管理程序》), the Accident and Incident Management Procedures (《事故、事件管理程序》), the Accident and Incident Reporting and Investigation Management Regulations (《事故、事件報告及調查管理規定》) and other rules, so as to standardise management over safety production targets, strictly implement the responsibility system for safety production in various departments and posts, prevent safety production accidents, such as work-related accidents, occupational hazards, fire accidents and economic losses, and strengthen training on safety accidents and enhance our crisis management capabilities.

## **Tianfu Airport Expressway Company visited the Group for discussion and exchange**

On the afternoon of 21 November 2023, the leadership team of Tianfu Airport Expressway Company visited the Company to exchange views on the operation of the Tianpu project. Yang Tan, the secretary to the party committee, chairman and general manager of the Company, attended the discussion meeting, along with Pan Xin, the deputy general manager, and the Tianpu project operation team.

Mr. Yang Tan warmly welcomed the visit of the leadership team from Tianfu Airport Expressway Company and provided a detailed introduction to the relevant situations of various operational sectors under Chengdu Expressway.

The Tianpu project has been in operation for nearly three years, and the two operation teams have cooperated closely, jointly shouldering the responsibility of eliminating hidden dangers. In the future, we will continue to maintain a good relationship with Tianfu Airport Expressway Company to provide better services to our customers.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 3.2 Providing High-quality Services

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

The Group requires front-line toll collectors to attend training courses on service etiquette, complaint handling and on-post makeup, in an endeavor to strengthen their appearance standards, establish the awareness of high-quality service, instruct them to use amicable and courtesy expressions, serve with smile and provide satisfactory traffic guidance, thereby effectively enhancing the customer satisfaction by providing high-quality customer services.

The Group also formulated the Measures for Handling Complaints (《投訴處理辦法》), which set out in detail the complaint management work and the procedures for handling relevant complaints, as well as the terms of reference of relevant departments. In particular, the audit department is responsible for accepting, categorising, handling or forwarding complaints lodged through the service hotline of Operation Company. Customers may report offense or feedback through e-mails, telephone calls, surveys or visits to the complaint centre. Complaints will be categorised and forwarded to the relevant department for investigation, and response will be furnished to the complainant within prescribed period, the process of which will be kept strictly confidential and we will not disclose any information on the complaint to any third party. If the relevant complaint cannot be resolved within the prescribed period, we will promptly explain to the complainant and continue to process the complaint, or even report the situation to the higher level of authority until it is resolved. During the Reporting Period, the Group received a total of 756 complaints, all of which had been properly handled.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In response to the high volume of road traffic during the Spring Festival travel rush, we have established a Spring Festival work leadership group and formulated the 2023 Spring Festival work plan. In particular, we set up eight supervisory inspection teams to examine the operation of expressways during the Spring Festival period, effectively promoting the successful implementation of various tasks. Additionally, during the Spring Festival, we have initiated a pilot program for intelligent unmanned aerial vehicle patrols on the Chengpeng Expressway by utilizing the “three-in-one” management platform system comprising the AEE unmanned aerial vehicle MACH6, the Guardian dual-hangar drone apron and the Cangqiong unmanned aerial vehicle to conduct 24-hour road inspections along the entire Chengpeng Expressway, thereby enhancing the efficiency of maintaining smooth traffic flow, accident handling, safety inspections and other tasks.

## **Honored as an advanced enterprise in developing the “Tianfu Tourism Famous County”**

During the Reporting Period, Chengming Expressway Company, a subsidiary of the Group, was honored as an advanced enterprise in developing the “Tianfu Tourism Famous County” in Mingshan District of Ya’an City. As the entrusted operator of Chengming Expressway Company, Operation Company takes it as its responsibility to serve the local economic development and the interests of the public.

Operation Company successfully completed the special renovation of the 5-kilometer model road for the “Tianfu Tourism Famous County”, the improvement work at Baizhanghu Toll Station, and the greening enhancement project at Mingshan Service Area. In the future, we will continue to enhance the quality of operational services and provide better services to the public.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 3.3 Safeguarding Information Security

The Group attaches great importance to the protection of business information and customer privacy. We strictly abide by the laws and regulations on information security such as Law of the PRC on Guarding State Secrets (《中華人民共和國保守國家秘密法》), the Regulation on the Implementation of the Law of the PRC on Guarding State Secrets (《中華人民共和國保守國家秘密法實施條例》), the Data Security Law of the PRC (《中華人民共和國數據安全法》) and the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》), and have formulated the Confidentiality Work System (《保密工作制度》) and the File Management System (《檔案管理制度》) to standardise the collection, collation, storage, use, filing and archive of data. In order to effectively protect the security of customers and business information, we clearly define the confidentiality requirements for each post, and have installed genuine operating system and office software, set up IP addresses and established account passwords to restrict access to our system at different levels, and change passwords on a regular basis to strengthen the Group's information security management.

In terms of business information disclosure of the Group, we strictly abide by the laws and regulations on product liability and intellectual property such as the Advertising Law of the PRC (《中華人民共和國廣告法》), Patent Law of the PRC (《中華人民共和國專利法》), Rules for Implementation of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), Trademark Law of the PRC (《中華人民共和國商標法》) and Trademark Law of the PRC (《中華人民共和國著作權法》) to ensure that all our external communications and advertising materials provide clear, transparent, truthful and fair information and contain accurate and true information, prevent deception with false and misleading promotion, and regulate business information to avoid infringement of intellectual property rights.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Launch of comprehensive application platform for expressway informatization

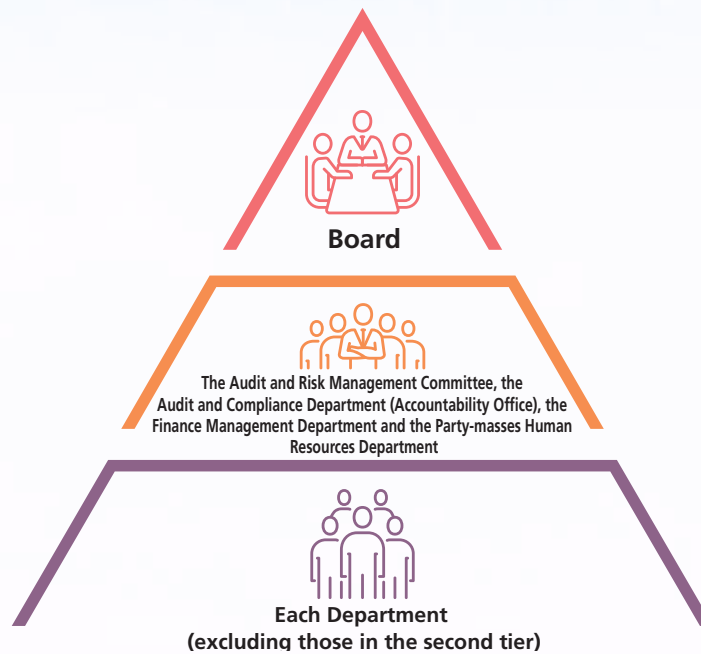
During the Reporting Period, in order to continuously improve the level of scientific management, Operation Company, a subsidiary of the Group, capitalized on the opportunity of construction of intelligent expressway to develop a comprehensive application platform for expressway informatization based on the actual business situation of the Company, which can be used for on-site operations such as electrical and mechanical work, maintenance, road patrol, emergency dispatching and comprehensive management. We conducted early-stage pilot operations of the platform system in the maintenance and electrical and mechanical work on the Qiongming Expressway and the Chengguan Expressway, effectively improving the efficiency of frontline management work.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 3.4 Adhering to Business Ethics

The Group believes that establishing the core values of honesty, integrity and fairness is of paramount importance to us. Therefore, we advocate members to abide by the Oversight Law of the PRC (《中華人民共和國監察法》), the Company Law of the PRC (《中華人民共和國公司法》), the Criminal Law of the PRC (《中華人民共和國刑法》) and the Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》) and other laws and regulations related to clean operation, and maintain zero tolerance for all acts of corruption, bribery, extortion and fraud.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has formulated the Risk Management System (《風險管理制度》) and Measures for Compliance Management (《合規管理辦法》) to specify the management processes ranging from risk data collection, risk evaluation to risk response, establish a sound internal control and risk management system with responsibilities, and facilitate in balancing risk and reward in daily operations. Our risk management system comprises three tiers, in which each department, excluding those in the second tier, acts as the first tier, and the Audit and Compliance Department (Accountability Office), the Finance Management Department, the Party-masses Human Resources Department and the Audit and Risk Management Committee act as the second tier. The Audit and Compliance Department (Accountability Office) follows up and inspects risk management from aspects of internal control assessment, risk management evaluation and internal audit, and the Finance Management Department and Party-masses Human Resources Department conduct centralised management over special risks in finance management and human resources management. The Audit and Compliance Department (Accountability Office) plays a dominant role among the three departments, and the Board acts as the third tier. Within such a risk management system, all departments and employees assume responsibilities for risk control to effectively tackle issues relating to risk management and achieve effective corporate governance and supervision, thereby assisting in monitoring, evaluating and controlling the major risks faced by the Group in its ordinary course of business.

In terms of employee conduct, the Group also formulated the Anti-Money Laundering Administration Measures (《反洗錢管理辦法》) and Anti-Fraud Administration Measures (《反舞弊工作管理辦法》) to ensure that each staff member strictly performs his/her duties and maintains professional conduct, and to prevent favoritism and fraud. During the Reporting Period, we updated the Measures for the Administration of Fund Payment (《資金支付管理辦法》), which specify that funds inflow and outflow should be handled in accordance with the principles of “evidence-based, legal compliance, complete procedures, and standardization and orderliness” to ensure fund security.

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

We also encourage parties who have business dealings with the Group to report possible fraud within the Group through customised channels such as telephone calls, e-mails and letters, and the Group keeps confidential the identity of the whistleblower so as to maintain a clean and fair corporate culture. Employees can report any illegal or non-compliant activities related to the operation and management of the Group in accordance with the Compliance Management Measures. The disciplinary committee will investigate the reports, and all departments are required to cooperate with the investigation. For substantiated violations identified through the investigation, strict actions will be taken in accordance with the relevant regulations of the Group. Any acts involving illegal activities will be promptly handed over to law enforcement agencies for further processing.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In order to strengthen awareness and knowledge of the Directors and employees on integrity, the Group has provided multiple anti-corruption trainings for the Directors and employees during the Year. The trainings cover various topics, including important speeches by President Xi Jinping, the Party Constitution, educational videos such as "Chengdu Brocade" and "Misplacement," as well as cautionary educational readings like "Mirror Reflection" and "Role Model." These initiatives aim to foster a culture of integrity within the organization.

## **Carry out Constitution awareness-raising campaign**

During the Reporting Period, in preparation for the tenth National Constitution Day, deepen the study and implementation of Xi Jinping's ideology on the rule of law, firmly establish a belief in the rule of law, and legal thinking, the Company conducted a series of distinctive and diverse Constitution awareness-raising activities. The Group organized various activities such as legal lectures, promotional posters, departmental meetings, team meetings of subsidiaries, and WeChat work groups to disseminate and learn Xi Jinping's ideology on the rule of law which created a strong atmosphere for Constitution learning.



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



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 3.5 Compliant Operation

In order to ensure that the Group's business can be operated in a compliant manner, effectively prevent and control the risk of non-compliance and comprehensively enhance the compliance management system and capability, we have formulated the Measures for Compliance Management (《合規管理辦法》), which stipulate that the Group's operation and management activities and the behavior of its employees shall be in compliance with the national laws, regulations, rules and other normative documents. The Supervisory Committee supervises the compliance management work and the compliance management of Directors and senior management. The Audit and Compliance Department (Accountability Office) is responsible for the compliance management work of all departments of the Group, while other departments such as the Board office, the Contract Management Department and the Finance Management Department shall cooperate and provide assistance.

The Group's compliance management covers corporate governance, investment management, property rights management, capital operation, overseas investment and financing, contract management, construction projects, gifts and hospitality, and social donations and sponsorships, which shall be carried out in strict accordance with the Group's relevant rules in order to effectively prevent compliance risks.

The Group also formulated the Compliance Management System Development Plan (《合規管理體系建設方案》) during the Reporting Period to fully implement the strategic requirements of the rule of law in China and Chengdu, and integrate compliance requirements into all areas and aspects of corporate operation and management, with key tasks including strengthening the overall leadership of the Party committee in compliance management, amending and improving the Implementation Measures for Enhancing the Decision-Making Mechanism on "Three Major Issues and One Major Decision" (《關於健全「三重一大」事項決策機制的實施辦法》), setting up a mechanism for reporting to the Party committee in respect of compliance management and facilitating the establishment of a compliance committee to strengthen the compliance management of the Group.

## 3.6 Sustainable Supply Chain Management

Recognizing that sustainable management of our suppliers is the cornerstone of maintaining our service quality and a key driver of the Group's steady business growth, we are committed to extending the concept of sustainability to our entire supply chain. We strictly abide by the Law of the PRC on Bid Invitation and Bidding (《中華人民共和國招標投標法》), the Regulation on the Implementation of the Bidding Law of the PRC (《中華人民共和國招標投標法實施條例》) and other laws and regulations, and have formulated the Contract Management Rules (《合同管理制度》) and the Management Rules for Procurement Tenders (《招標採購管理制度》) during the Reporting Period to standardise the principles and procedures of bidding and bid selection.

The business units of the Group are responsible for preparing tendering and procurement plans for projects within their scope of responsibilities. The contract department is responsible for reviewing project documents, while the finance management department is responsible for approving the budget of tendering and procurement projects. The party-masses department is responsible for supervising the entire tendering and procurement process and promptly addressing any disciplinary or non-compliance issues that arise during the process.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For our energy segment, we have formulated supply chain management measures such as the Measures for Management of Refined Oil Procurement and Suppliers (《成品油採購與供應商管理辦法》), the Measures for Management of Commodity Procurement and Suppliers (for Trial Implementation) (《商品採購與供應商管理辦法(試行)》), and the Rules for Bidding and Tendering Management (《招投標管理規定》), to standardize the procurement process of refined oil and other commodities, strengthen supplier management, and clearly define management responsibilities, so as to ensure efficient and transparent procurement work.

The Group determines the appropriate supplier selection method, such as tendering, comparison, quotation, negotiation, or direct appointment, based on project amount. The evaluation methods for tendering and procurement projects will be determined in accordance with relevant laws and regulations, departmental regulations of the relevant business unit, and the requirements of the project in terms of technology, quality and schedule. At the same time, measures will be taken to prevent environmental and social risks related to the supply chain. For large-scale construction projects, the relevant business unit is required to develop tendering and procurement plans, which shall include project details, investment amount, tendering scope, tendering and procurement methods, and categories of evaluation methods, and will be subject to review by the finance management department. The tendering and procurement process involves documents such as tender documents, quotation documents, and notices of successful bidding. The departments involved in tendering and procurement shall submit relevant documents to the contract department on a monthly basis, and the contract department will conduct spot checks on a quarterly basis.

We actively incorporate the concept of sustainable development into the daily management of our suppliers and strictly implement the principle of “green procurement”. Product procurement and provision of services must comply with rules, regulations and requirements concerning environmental protection, in an endeavor to mitigate impact on the environment during procurement, protect nature resources, and protect the environment by actively practicing local procurement, reducing the environmental impact of transportation and packaging processes, and avoiding the purchase of disposable items.

In response to misconduct and non-compliance, such as the abuse of authority, abuse of power for personal gain, collusion, and significant losses resulting from the failure to fulfill responsibilities during the tendering and procurement process, strict disciplinary actions will be taken in accordance with relevant regulations. Individuals suspected of illegal activities will be handed over to judicial or regulatory authorities for further investigation and appropriate actions.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Year, a total of 970 suppliers were involved in the Group's business operations, all of whom are subject to the supplier policy and measures described above, and primarily fall into sectors of service, engineering, procurement, leasing, borrowing, transferring, purchase and sale and others. Distribution of suppliers by region is set out below:

<b>Region</b>	<b>Number of suppliers</b>
Sichuan	840
Beijing	23
Guangdong	14
Anhui	12
Hong Kong	11
Henan	10
Jiangsu	8
Shanghai	7
Yunnan	6
Hubei	6
Shanxi	5
Hebei	4
Liaoning	4
Zhejiang	4
Gansu	3
Fujian	2
Shandong	2
Chongqing	1
Shaanxi	1
United States	1
Heilongjiang	1
Guizhou	1
Hangzhou	1
Xinjiang	1
Guangzhou	1
Shenyang	1

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 4. NURTURING OUTSTANDING TALENTS

The Group values our employees as our most precious assets, and talents are an integral component of the Company's business development and business planning. As such, we constantly search for and cultivate potential talents in the expressway operation and development field. The Group is committed to fostering an equal, diverse and safe workplace, strives to improve the employee compensation and welfare system, creates a healthy and safe working environment for employees, and provides comprehensive trainings for them to build a competitive and elite workforce. The Company also places great importance on the physical and mental well-being of our employees, strives to create a diverse work environment while adhering to the labor standards formulated by the state, so as to strengthen the Company's overall reputation and cohesion at all levels as part of our key priorities. As at 31 December 2023, the Group had 2,290 employees.

### 4.1 Safeguarding the Rights and Interests of Employers and Employees

During the Reporting Period, we strictly complied with the Labour Law of the PRC (《中華人民共和國勞動法》), the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), the Regulation on the Implementation of the Employment Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), the Provisions on the Prohibition of Using Child Labor (《禁止使用童工規定》), the Law of the PRC on the Protection of Minors (《中華人民共和國未成年人保護法》), and other applicable laws and regulations and international practices on employment, to fully safeguard the legitimate rights and interests of the Group's employees.

With respect to recruitment, we formulated the Management Measures for Recruitment (《招聘管理辦法》), which set out the recruitment conditions, process and mechanism and arrangements for probation period, and revised the recruitment targets of a given year based on the Company's prevailing condition and needs. In addition, the Group also implemented the Management Measures for Internal Post Competition (《內部競聘管理辦法》), and engaged employees in strict accordance with the principles of openness, fairness and impartiality to meet the human resources needs of Operation Company. We will prioritize internal promotions before considering external hiring. Meanwhile, the Group has established the Measures for the Selection of Excellent Employees (《優秀員工評選辦法》), under which excellent employees will be selected based on year-end performance evaluations to incentivize employee and ensure that they receive rewards, including bonuses, in a fair, transparent, and equitable manner. In addition, we will ensure that employees are not subject to discrimination based on ethnicity, race, gender, or religious beliefs.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group conducts qualification examination, competency test and interview for applicants, and when employees join the Group, we check their personal information and confirm that they are of legal working age. In particular, we select candidates based on various factors including academic structure, morality, work experience, professional skills and comprehensive quality. We will verify the accuracy and truthfulness of the information provided by applicants before they join the Company, and strictly check the identity cards of the applicants in all processes and stages of recruitment to eliminate child labour, and will not prejudice any candidate due to their gender, age, race, family background, nationality and religious belief.

We follow the systems of standard working hours, national weekends and statutory holidays. The Group also formulated the Administrative Measures for Labour Contracts (《勞動合同管理辦法》). After reaching an agreement with the employees, we will enter into labour contracts with them and never force employees to work. The Group encourages employees to complete their work within regular working hours and does not promote overtime work. We have established the Attendance and Leave Management Rules (《考勤及請銷假制度》), which outlines the requirement for department heads to fill out an Overtime Application Form (《加班申請表》) before any overtime work is conducted to avoid unnecessary overtime. In cases where overtime work is necessary, we will comply with national regulations and provide overtime compensation accordingly. We strictly abide by the labour laws and regulations in the place where we operate and constantly improve employment management, specify the remedial measures in case of child or forced labour, and strive to avoid violations. If any violation of labour standards is identified, we will take relevant legal actions to protect the legitimate interests of employees.

With respect to departure of employees, we strictly adhere to the relevant provisions of the Labour Law of the PRC and the Labour Contract Law of the PRC. We follow our established Labour Employment Management Rules for dismissals, and ensure that employees are treated fairly and reasonably in accordance with the Labour Law of the PRC and the Labour Contract Law of the PRC. Both the Company and employees are required to follow the prescribed departure procedures to safeguard the rights and interests of both parties. Additionally, we have specified the notice period for employee departures and require the completion of an Employee Departure Form (《員工離職單》) within three days prior to the approved departure date.

For in-service employees, the Group employs a clear reward and punishment system to assess their work efficiency. The evaluation process primarily focuses on job responsibilities, and the assessment results serve as the basis for promotions or rewards. The Group formulated the Administrative Measures for Performance of Management (《管理人員績效管理辦法》) and the Measures for Performance Appraisal of Frontline Employees (《一線員工績效考核辦法》), which regulates the performance management of the Company, evaluates the achievement of performance targets by employees and fulfillment of their post responsibilities in a scientific, objective and impartial manner, thereby improving the work performance of employees and the overall business performance of the Company, and effectively promoting the accomplishment of the Company's strategies and development goals. We conduct assessment in accordance with the principles of fairness, impartiality and openness, inform employees of the performance objectives of departments and individuals, and the contents, procedures, methods and results of performance assessment, aiming to enhance the transparency of assessment.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We formulated the Measures for the Selection and Appointment of Middle-level Management (《中層管理人員選拔任用辦法》), the Management Measures for Monthly Performance Appraisal of Frontline Employees (for Trial Implementation) (《一線員工月度績效考評管理辦法(試行)》) and the Measures for Performance Appraisal of Frontline Employees (《一線員工績效考核辦法》), which set out the principles applicable to the selection and appointment, standardise the Company's selection and employment process, satisfy the Company's human resources needs based on its actual condition, and create a sound environment for talents to distinguish themselves and build a team of diverse and high-quality middle management and frontline staff.

We also implemented the Performance Management System (《績效管理制度》) for trial to standardise the Company's performance management, and regulate the performance management with four assessment principles, including fairness, justice and openness, fitness with the Company's development goals, and targeting at improving the performance of departments and employees based on a combination of qualitative and quantitative assessment. We employ a comprehensive incentive and accountability mechanism, along with standardized performance management practices, to assess employees in performing their job responsibilities through objective and fair approach, aiming to enhance employees' work motivation and performance, and ultimately improve the overall business performance of the Company, thereby enabling the achievement of strategic and development objectives of the Company.

We have a zero-tolerance policy towards any form of discrimination, and ensure that recruitment or employment will not be affected by gender, age, race, disability, family background, nationality, or religious belief. This principle applies to all aspects of our employee activities and human resources management, including recruitment, promotion, transfer, rewards, and training.

During the Reporting Period, the Group did not violate any laws and regulations relating to remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other benefits and entitlements, nor did it employ child or forced labor.

## 4.2 Improving Employee Welfare and Benefits

The Group firmly believes that competitive compensation and comprehensive welfare systems are key to attracting and retaining talent. Therefore, we have implemented management measures such as the Compensation Management Measures for Frontline Employees (《一線人員薪酬管理辦法》) and the Compensation Management Measures for Management Members, which ensure that employees receive fair, reasonable and competitive salaries, incentives and benefits, effectively safeguarding their legitimate rights and interests. We pay our employees in a legal, reasonable and impartial manner in strict accordance with relevant laws and regulations of the national and regional governments. We conduct salary surveys each year to strengthen the competitiveness of salaries paid to employees.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We contribute to the employee pension scheme and housing provident fund managed or organized by governmental departments as required under national policies of the PRC, and purchase different insurances for eligible employees, including pension, medical care, unemployment, work injury and maternity insurance, as well as housing provident fund. We formulated the Administrative Measures for the Welfare Expenses (《福利費管理辦法》) to standardize the budget, expenditure and supervision and management of employee welfare expenses, covering various cash subsidies and non-monetary collective benefits provided to employees. Such measures also outline the specific welfare items to effectively safeguard the legitimate rights and interests of our employees. We provide employees with diversified benefits, including heatstroke prevention and heating subsidies, regular health checkups, employee accident insurance, free meals, birthday gift certificates, book coupons, movie coupons, funeral and bereavement compensation and financial subsidies, demonstrating the care and protection extended by us to employees in multiple aspects. Besides, the Welfare Management Measures (《福利管理辦法》) in implementation stipulates that in addition to statutory holidays, the Group grants employees various welfare leaves such as sick leave, personal leave, marriage leave, funeral leave, maternity leave, paternity leave and annual leave. Total welfare amounts depend upon the economic benefits of the Company, which in turn promotes the work efficiency of employees.

The Group also formulated the Assistance System for Party Members Facing Difficulties (《生活困難黨員幫扶制度》) for party members in need, including those whose average monthly household income is lower than the standard of needy employees of a given year, or who are seriously ill, or severely disabled, and incur significant amount of medical expenses or suffer from various disasters, or whose families are obviously in need, or encounter difficulties due to other reasons, aspiring to extend a helping hand to needy party members in the Company. The assistance system involves regular visits to understand the specific challenges faced by the party members in need and implementing effective measures to provide support and solutions.

## 4.3 Establishing a Safe Workplace

The Group is committed to minimizing occupational health and safety risks and providing employees with a healthy and safe working environment. We strictly abide by the laws and regulations such as the Law of the PRC on the Prevention and Treatment of Occupational Diseases (《中華人民共和國職業病防治法》), Law of the PRC on Work Safety (《中華人民共和國安全生產法》), Fire Control Law of the PRC (《中華人民共和國消防法》), Law of the PRC on Special Equipment Safety (《中華人民共和國特種設備安全法》), Provisions on the Administration of Occupational Health at Workplaces (《工作場所職業衛生管理規定》), Special Provisions on Labor Protection of Female Workers (《女職工勞動保護特別規定》), Regulation on Work-Related Injury Insurances (《工傷保險條例》) and Regulations on Work Injury Insurance of Sichuan Province (《四川省工傷保險條例》) to standardise the workplace safety management, and provide safety protection measures and necessary protective equipment for employees in risky positions. We uphold the principle of acting according to law, and provide employees with a safe working environment as required under laws and regulations to protect them from occupational injuries. Leveraging our dedicated efforts, we did not record any case of work-related casualties in the past three years (including the Year).

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has maintained in place different safety accident prevention measures. With respect to fire or explosion, the Group carries out regular safety inspections, fire emergency drills and investigate potential safety hazards, and takes appropriate measures to prevent potential safety accidents. Meanwhile, we carry out safety education for employees on a regular basis, provide fire prevention knowledge trainings for them and organise fire drills to enhance the self-protection awareness of employees. During the Reporting Period, we updated the Emergency Incident Reporting and Investigation Management Rules (《突發事件報告和調查處理管理制度》), which outlines the responsibilities of the Group's production safety leading group in reporting, responding to and investigating emergency incidents, and includes clear procedures and timeframes for emergency reporting to enhance the Group's capability to handle emergency incidents.

With respect to the provisions of the safety production guarantee mechanism, we strictly follow the Safety Production Responsibility System (《安全生產責任制度》), the Safety Production Investment Guarantee System (《安全生產投入保障制度》), the Occupational Health Management System (《職業健康管理制度》), the Expressway Operation Management Center Production Safety Management System (《高速運管中心安全生產管理制度》) and other rules formulated by the Group, which set out in detail the safety production management responsibilities of management members and functional departments at all levels, and implement the management system of "Company supervision, department accountability and hierarchical management". According to Occupational Health Management System (《職業健康管理制度》) and Hidden Danger Investigation and Management System (《事故隱患排查治理管理制度》), our production safety leading group is responsible for coordinating the overall management of occupational health management and hidden danger investigation and management, and the occupational health management departments and personnel have been specified with clear assignment of responsibilities for occupational disease prevention and control at all levels. Our production safety leading group office is responsible for incorporating the implementation of occupational health management and the investigation and management of hidden dangers in various departments and units into daily safety supervision, inspection and assessment, and establishing accounts and files for the investigation and management of hidden dangers to ensure the health and safety of employees. We have safety, fire and hygiene requirements for the dormitory and cafeteria environments of our expressway operation management centers, and each expressway operation management center monitors the safety management and rectifies any non-compliance with the regulations, thus establishing a safe workplace for employees. In addition, the Group also set different safety and health key performance indicators, and executed the 2023 Safety Education and Training Plan (《2023年度安全教育培訓計劃》), so as to enhance the safety awareness and capabilities of employees to address emergencies, minimize the impact of emergencies on the Group's operations and implement the laws and regulations on safety production.

During the Year, we updated the Safety Production Investment Guarantee System (《安全生產投入保障制度》) to establish a robust internal and external supervision mechanism for the appropriation and utilization of funds related to production safety expenses, ensure the effective implementation of the primary responsibility for production safety investment in accordance with the law and guarantee the proper utilization of production safety funds. We also updated the Fire Safety Management System (《消防安全管理制度》) to implement the fire safety accountability system, formulate fire safety regulations, operational procedures, fire extinguishment and emergency evacuation plans within the Company, aiming to prevent fires and minimize their impact.



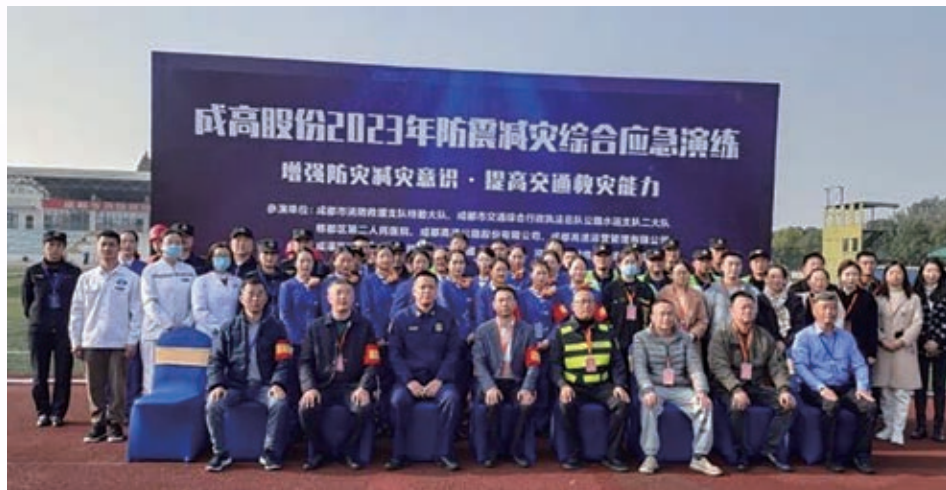
# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In addition, we formulated annual work plans such as the Work Safety Education and Training Plan and the Work Safety Policy and Occupational Health Objectives during the Year to coordinate the tasks on work safety throughout the year and ensure the smooth implementation of all tasks. The Group carried out the construction of a production safety risk hierarchical management and control mechanism, formulated the Production Safety Risk Hierarchical Management and Control Manual (《安全生產風險分級管控手冊》) and the Safety Risk Hierarchical Management and Control Policies (《安全風險分級管控制度》) to clarify the responsibilities of risk management and control, which further strengthened the ability of all staff of the Group at different levels in identifying and preventing safety risks, and improved the safety risk management standards of the Company.

During the Reporting Period, we carried out the “Production Safety Month” campaign for 2023 under the theme of “Safety Awareness for All, Emergency Response for Everyone”. The activities included training on emergency response and rescue, disaster prevention and relief, and self-rescue and evacuation, aiming to continuously strengthen the awareness of safety boundaries and bottom lines, and promote the implementation of safety production responsibilities.

## Comprehensive Emergency Drills for Prevention and Relief of Earthquake Disaster




During the Reporting Period, in order to enhance the emergency response capabilities for natural disasters and other public emergencies, the Company conducted a comprehensive emergency drill for prevention and relief of earthquake disaster at the training base of the Special Operations Brigade of the Chengdu Fire Rescue Brigade. Various units collaborated in this joint effort, including the Special Operations Brigade of the Chengdu Fire Rescue Brigade, Chengdu Highway and Water Transport Brigade, No. 2 People’s Hospital of Pidu District, and Chengdu Expressway.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 4.4 Staff Training and Development

The Group regards employees as valuable assets and expects to grow together with employees. We have established three career development systems for employees, including internal training, external training and continuing education, and formulated the Training Management Measures (《培訓管理辦法》) to standardise and regulate training methods, and define the talent standards and post requirements for talent evaluation. The Company's training approaches mainly include internal training, external training and continuing education.

Training approaches	Contents
 <p data-bbox="411 950 612 978"><b>Internal training</b></p>	<ul style="list-style-type: none"> <li>Including pre-employment education for new employees and on-the-job training on job-related skills. Pre-employment education for new employees primarily involves introduction to the Company's profile, job responsibilities and other basic information, and education on various management rules within the Company and safety education</li> <li>On-the-job training on job-related skills mainly refers to knowledge acquisition and skill development specific to their roles. This may include specialized training courses, lectures, and designated self-study materials</li> </ul>
 <p data-bbox="411 1263 612 1291"><b>External training</b></p>	<ul style="list-style-type: none"> <li>The Company selects employees to participate in various training programs, site visits and other activities organized by the group company, subsidiaries, relevant departments (units) at higher levels, and external training institutions</li> </ul>
 <p data-bbox="384 1511 639 1539"><b>Continuing education</b></p>	<ul style="list-style-type: none"> <li>Employees can voluntarily participate in educational activities aimed at improving their professional knowledge and skills, such as pursuing higher academic qualifications and degrees. They can also take part in national standardized professional certification examinations or evaluations, as well as professional qualification examinations and continuing education programs for specialized technical positions</li> </ul>



We actively strengthen talent development and promote talent exchange. Taking into account factors such as employees' educational background, age, experience, and work style, the Company selects outstanding employees from various departments and centers for job rotation and exchange, aiming to cultivate a group of comprehensive talents who are skilled in management, proficient in their respective fields, and capable of taking on important responsibilities, thereby providing continuous human resources support for the Group's strategy of expanding into international markets.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, we organized various types of training programs, including safety education, news correspondence training, technical training, internal control, and risk management training. Front-line personnel, management and employees at all levels attended such meetings, which comprehensively enhanced the professional knowledge and duty performance of employees, and was conducive to promoting the productivity and competitiveness of the Group.

## Operational trainings

During the Reporting Period, in order to further improve the quality of expressway services and overall road conditions, showcase the positive brand image of “Chengdu Expressway”, the operation management center of Chengguan Expressway Company under the Group held a special action and spring training event in 2023 to enhance the service quality and politeness at toll booths. Additionally, in collaboration with the airport expressway operation management center, the first round of oral English training under the “Learning English” initiative was conducted.

In the “Learning English” classroom, the instructor used a combination of “scenario simulation + interactive games” to practice daily conversational skills such as giving directions, providing information, and using service-related phrases, tailored specifically to the characteristics of expressway service windows. This lively and practical training session provided frontline employees with a valuable learning experience.



In terms of safety education and training, we formulated the Safety Education and Training Plan for 2023 (《2023年度安全教育培訓計劃》), which details the occupational health trainings provided by the Group to employees during the Year, including post safety knowledge such as training on road patrol knowledge and electrical engineering and emergency response skills training such as road emergency rescue drills and fire emergency drills. During the Reporting Period, we developed the Safety Education and Training System to incorporate safety training into the Company’s annual training plan and require employees to possess knowledge of production safety, be familiar with relevant safety regulations and operating procedures, master safety operation skills related to their positions, understand emergency response measures for accidents, and be aware of their rights and responsibilities in terms of production safety.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group provides professional trainings commensurate to the work requirements of employees according to their job responsibilities. In the training activities in 2023, the Company arranged training sessions specific to different organisational departments and training targets. Set out are some of the examples:

Training content
<ul style="list-style-type: none"><li>• Safety training on emergency rescue, disaster prevention and relief, self-rescue and evacuation</li></ul>
<ul style="list-style-type: none"><li>• Service training activities on etiquette, body language and English language</li></ul>
<ul style="list-style-type: none"><li>• Service training on the new policy of the “Green Channel”</li></ul>
<ul style="list-style-type: none"><li>• Training conferences on comprehensive application of information technology platforms; training on knowledge of toll collection operations; training on the operational procedures of toll collection services</li></ul>
<ul style="list-style-type: none"><li>• Training and exchange sessions on news correspondence</li></ul>

## 4.5 Work-Life Balance

The Group always prioritizes effective employee relationship management to strengthen employee cohesion and a sense of belonging. We actively engage in various employee activities, including the “Chongzhou Yangma International Kite Festival”, spring outings, and making rice dumplings during the Dragon Boat Festival. These activities continuously enhance the employees’ sense of belonging, create a positive atmosphere, foster emotional communication among colleagues, and showcase a harmonious, friendly and happy corporate culture, thereby building a more energetic and outstanding team of talented individuals.

In addition, on 27 October 2023, the Group organized the second Tianfu Greenway Cycling Event under the theme of “Moving Forward with Determination as an Energetic Enterprise”. The event aimed to encourage employees to adopt a healthy and positive lifestyle, attracted 380 participants, and created a positive corporate atmosphere. Prior to the event, we also reminded employees to undergo safety training to ensure safe cycling during the activity.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



The Second Tianfu Greenway Cycling Event

Meanwhile, to express our appreciation for female employees, the Group also organized the “Sending Blessings on International Women’s Day” event. Through various forms of promotion, we aimed to further promote the physical and mental well-being of female employees and provide them with more appropriate care within the Company.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Participation in cheerleading performance

The labor union cheerleading team of Operation Company, a subsidiary of the Group, participated in the cheerleading performance of the award ceremony for the 2022 Finals and launching ceremony for 2023 of the Chengdu Municipal Federation of Trade Unions "Workers Cup" sports games, and achieved an impressive fourth place after five days of intensive training.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Visiting workers in need

During the Reporting Period, the Group paid multiple visits to workers facing difficulties. In January 2023, the Group paid visit to Yang Yan, a worker in need, providing the employee with the Company's care and warmth. In May 2023, the operation management center of Chengpeng Expressway Company under the Group, organized a visit to the children of workers facing difficulties.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## **“Cool Breeze” caring activity**

Yang Tan, the secretary to party committee, chairman and general manager of the Company, and other leaders visited Operation Company, Zhenxing Company and expressway operation management center to deliver electrolyte water, Red Bull and other drinks to the employees and have friendly conversations with the employees. They inquired about the recent work situations in detail and advised everyone to take necessary precautions for self-protection against high temperatures and have a reasonable work-rest schedule.





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 5. IMPLEMENTING GREEN OPERATION APPROACH

The Group is committed to integrating the concept of sustainable development into its operations in order to minimize the impact of its business activities on the environment and properly manage pollution control efforts. The Group operates in compliance with laws and regulations, and requires all employees of the Company to abide by the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Law of the People's Republic of China on Water and Soil Conservation (《中華人民共和國水土保持法》), the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》), the Interim Provisions on the Prevention and Control of Urban Dust Pollution in Chengdu (《成都市城市揚塵污染防治管理暫行規定》) and the Regulations on Comprehensive Management of Urban and Rural Environment in Sichuan Province (《四川省城鄉環境綜合治理條例》). The Group has also formulated internal policies such as the Air Pollution Prevention and Control Management Regulations, the Solid Waste Pollution Prevention and Control Management Regulations, the Environmental Protection Management Procedures and the Water Pollution Prevention and Control Management Regulations, which set out the Group's management requirements, operation management and terms of reference in respect of air pollution prevention and control, solid waste, environmental protection and water pollution. During the Reporting Period, the Group did not violate any laws on environmental protection or result in major accidents with an impact on the environment and natural resources, nor did it receive any punishment and litigation notice related to the environment.

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

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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 5.1 Reasonable Use of Vehicles

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

We encourage green travel. We strive to use video conferencing whenever possible to replace unnecessary in-person meetings. We also organize events in easily accessible locations to encourage participants to use public transportation, thereby reducing our environmental impact.

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

Greenhouse gas emission performance		Unit	2023
Greenhouse gas emissions			
Scope 1	Direct greenhouse gas emissions	tonnes of CO <sub>2</sub> equivalent	1,274.28
Scope 2	Indirect greenhouse gas emissions	tonnes of CO <sub>2</sub> equivalent	4,499.89
Scope 1 and scope 2	Total greenhouse gas emissions	tonnes of CO <sub>2</sub> equivalent	5,774.17
Scope 1 and scope 2	Greenhouse gas emission intensity	tonnes of CO <sub>2</sub> equivalent/million of revenue in RMB	2.00

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

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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the total amount of greenhouse gas emissions of the Group were 5,774.17 tonnes of carbon dioxide equivalent; and the intensity of greenhouse gas emissions were 2.00 tonnes of carbon dioxide equivalent per million revenue in RMB, representing a decrease of approximately 25.93% from last year, indicating sound progress in achievement of our goals for the Year. We have set directional goals for greenhouse gas emissions. During the Year, we reviewed and examined the progress in achieving such goals and implementation of environmental protection measures, and confirmed that the environment-related goals remained applicable for the Year, and we will continue to establish environmental policies in upcoming years. The Group will proactively implement the measures to reduce greenhouse gas emissions with an aim to maintain or gradually reduce greenhouse gas emission intensity (scope 1 and scope 2) while maintaining comparable operations in the future.

## 5.2 Noise Mitigation and Management

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

## 5.3 Electricity Consumption Management

During the Reporting Period, we actively implemented systematic energy-saving measures to reduce electricity consumption. Firstly, the Group divides the office premises into different lighting areas, installs independently controlled lighting switches in different areas, reduces the number of electric lights in specific places, causes the lights to be turned off when idle, use natural lighting as much as possible, reduce the number of electric lights in places where the brightness exceeds the required level, use energy-efficient lighting fixtures such as T5 fluorescent tubes and LED lights, and ensure the cleanliness and energy efficiency of the lighting devices.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For indoor refrigeration, the Company's air conditioner adopts a central control and monitoring system. When the system detects that no one is in the office, the air conditioner will be automatically turned off to reduce energy consumption. We allow employees not to wear ties in hot weather and wear casual clothes to work every Friday, aiming at reducing the use of air conditioners. We regularly clean the filter screens and coil fans, and install sealing on doors and windows to prevent the escape of conditioned air. In addition, the Group's computers are also set to enter the sleep mode when idle. During non-working hours, electronic equipment will be automatically turned off, and the office power will be turned off on rest days and before holidays to save energy. We utilize virtual computer to reduce power consumption and the need for hardware installation. Meanwhile, the Group facilitated the promotion of ETC systems, and launched the energy-saving publicity week activity to popularise the concepts and knowledge of ecological civilisation and green development, and encouraged the public to choose green traveling methods.

We collect power consumption data on a monthly basis to identify potential for improvements. During the Year, the Group's total power consumption during operation was 7,890.39 MWh, and the intensity of power consumption was 2.73 MWh per million of revenue in RMB, representing a decrease of approximately 32.09% from last year, indicating sound progress in achievement of our goals for the Year. We have set directional goals for energy consumption. During the Year, we reviewed and examined the progress in achieving such goals and implementation of environmental protection measures, and confirmed that the environment-related goals remained applicable for the Year, and we will continue to establish environmental policies in upcoming years. The Group will proactively implement the energy conservation measures with an aim to maintain or gradually reduce power consumption intensity while maintaining comparable operations in the future.

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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## **“Love Chengdu, Welcome World University Games” Green Cycling Event**

In order to actively pursue the goal of “carbon peaking and carbon neutrality”, the Group’s employees participated in the “Love Chengdu, Welcome World University Games” Green Cycling Event held at Yangliu River Greenway. During the cycling activity, our employees proactively stopped along the way to collect litter and other debris, while also inviting nearby residents to join them in cleaning up the area. By doing so, we collectively aimed to protect and preserve the pristine natural environment.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Arbor Day Activities

During the Reporting Period, the Group carried out Arbor Day activities. Operation Company, and expressway operation management center invited greening maintenance staff to explain tree planting techniques, key factors for healthy growth and other important notes at their respective activity sites. After the event, participating employees expressed their firm commitment to practicing the concept of sustainable development and building a livable planet in their future work and daily life.



## 5.4 Water Conservation

During the Reporting Period, we proactively encouraged employees to reduce waste of water resources and advocated the concept of water conservation. We put up water conservation signs in the bathrooms to remind employees to turn off the water tap after washing hands. In addition, we purchase faucet with infrared sensor to replace manual faucet and avoid waste of running water for a long period. In case of faucet leaks, we will immediately notify the property management unit to repair. Based on the nature of our operations, we are not categorized as a high water-consumption industry. Our office water mainly comes from the municipal water supply system, so we do not face difficulties in sourcing water.

During the Reporting Period, the Group consumed 106,794.34 cubic metres of water in operation, and the intensity of water consumption was 36.90 cubic metres per million of revenue in RMB. We did not encounter any problems in searching for water fit for purpose. In addition, we have set directional goals for water consumption. During the Year, we reviewed and examined the progress in achieving such goals and implementation of environmental protection measures, and confirmed that the environment-related goals remained applicable for the Year, and we will continue to establish environmental policies in upcoming years. The Group will proactively implement the water resource management measures with an aim to maintain or gradually reduce water consumption intensity while maintaining comparable operations in the future.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 5.5 Green Office

The Group actively promotes the concept of green office practices. In terms of paper consumption, the Group requires double-side printing for documents and promotes the use of electronic communication technologies to minimize paper consumption. The Company suggests using thinner fonts and smaller line spacing for informal documents, and encourages reuse of waste paper for printing to save paper. We use electronic communication and electronic office systems to replace paper and use waste paper to keep notes. In addition, we default the computer and printer to double-sided and ink-saving printing modes. We also installed an electronic system on the mobile phone to reduce the use of paper. During the Reporting Period, the total amount of paper consumed by the Group was 10,294.43 kg, and the intensity of paper consumption was 3.56 kg per million of revenue in RMB, representing a decrease of approximately 1.93% from last year. In the future, we will continue to monitor and control the consumption of paper and other materials to fulfill the responsibilities as a responsible enterprise and minimize the environmental impact of our office operations.

In addition, we also encourage reusing stationery such as envelopes and binders, and reusing pens by replacing refills, so as to reduce the consumption of disposable and non-recyclable products. We will also regularly evaluate the consumption of materials to avoid excessive inventory, and place green plants in office areas. We utilize various media such as email, posters and internal networks to promote and educate employees about emission reduction measures, thereby enhancing their environmental awareness.

## 5.6 Mitigating Environmental Pollution

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

The Group strictly regulates the handling of waste disposal to prevent environmental pollution. Therefore, we have stringent guidelines in place for waste disposal to prevent environmental pollution. The Group strictly abides by the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境保護法》) and other laws to treat wastes in business operations. In terms of kitchen waste, we entered into a contract for the removal of kitchen waste with a disposal agency upon mutual negotiation, and required the parties concerned to properly remove, recycle and dispose of the kitchen waste generated in the canteen. Meanwhile, the Company also engaged agents to recycle the potentially hazardous wastes in our operations in a centralised manner, mainly including used ink cartridges and toner cartridges, which will be recycled and reused by the agents. We recycle old computers or other electronic waste for reuse and encourage employees to use recycling bins or other appropriate facilities to separate and recycle paper, metal, and plastic waste.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the total amount of non-hazardous waste generated by the Group was 343.64 tonnes, and the intensity of non-hazardous waste generation was 0.12 tonnes per million of revenue in RMB. The total amount of hazardous waste generated was 1,171.28 kg, including waste ink cartridges, waste toner cartridges, waste batteries and waste computers, and the intensity of hazardous waste generated was 0.40 kg per million of revenue in RMB, which remained the same as last year, indicating sound progress in achievement of our goals for the Year. In the future, we will continue to monitor the amount of non-hazardous and hazardous waste. We will adhere to the principle of material conservation and waste classification, and implement various pollution prevention and recycling measures.

We have set directional goals for waste management. During the Year, we reviewed and examined the progress in achieving such goals and implementation of environmental protection measures, and confirmed that the environment-related goals remained applicable for the Year, and we will continue to establish environmental policies in upcoming years. The Group proactively implements materials conservation and waste classification measures, and will maintain or gradually reduce the intensity of waste generation while maintaining comparable operations in the future.

## 5.7 Exploitation of Idle Land

The Group attaches importance to the development and utilisation of idle land. During the Reporting Period, we launched research into the idle land held by the Company and put forward targeted revitalization plan. This opens up opportunities for generating economic income for us in the future while also improving land utilization rates.

## 5.8 Addressing Climate Change

We have been closely monitoring the issue of climate change and its impact on the operations of the Group. To effectively address climate-related risks and opportunities, we regularly identify climate risks that affect our business and implement relevant mitigation measures. We aim to have comprehensive control over the potential impacts of climate change on our operations. For example, during the Year, Chengdu Energy Development Co., Ltd., a subsidiary of the Group, formulated the 14th Five-year Plan. Based on the achievements of the 13th Five-year Plan, Chengdu Energy Development Co., Ltd. drew up the environmental analysis during the 14th five-year period, and will continue to promote the business development of the energy segment, explore new energy sources, point out the new direction in accordance with the national 14th Five-Year Plan, strive to expedite scientific and technological innovation, seek new breakthroughs in the energy industry, and move towards the urban energy new pattern underpinned by “carbon neutrality”.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Regarding the response to extreme weather events, our business is greatly affected during the flood season. Therefore, we fully recognize the importance and severity and complexity of the current flood control and disaster relief work. We always maintain a state of readiness, improve the emergency response plan for the flood season, and carry out flood control, disaster mitigation and relief work with high standards, strict requirements and strong efforts. We make arrangements for flood season safety work, clarify job responsibilities, conduct regular or occasional inspections and management of safety hazards during flood season, and strengthen information reporting. The flood control work leadership group, comprising department managers, has made careful arrangements for all aspects of flood season safety, ensuring the smooth advancement of all tasks.

Climate risk	Potential impact	Countermeasures for climate risk
Acute climate risk	Different extreme weather conditions caused by climate change, such as super typhoon and heavy rain, may cause landslides, flooding and reduced visibility, posing potential risks and threats to the safety of road users and employees	<ul style="list-style-type: none"> <li>We formulated policies such as the Accident Emergency Rescue Management System (《事故應急救援管理制度》) and the Emergency Plan Regular Review Management System (《應急預案定期審查管理制度》) to regulate the preparation, implementation, and revision of emergency plans, thereby enhancing the Group's ability to handle accidents</li> </ul>
Chronic climate risk	Extreme hot weather conditions will increase the chance of employees working outdoors to suffer from heatstroke and in turn the risk of work-related injuries	<ul style="list-style-type: none"> <li>Formulate measures and plans to guarantee the safety of employees, including the Safety Production Responsibility System (《安全生產責任制度》) and the Occupational Health Management System (《職業健康管理制度》), which stipulate that employees should suspend outdoor work under extremely high temperatures (over 38 degrees)</li> </ul>
Policy and regulatory risk	Unable to adapt to stricter national climate-related policies and regulations will have an impact on business operations	<ul style="list-style-type: none"> <li>The Audit and Compliance Department (Accountability Office) will closely monitor the latest relevant laws and regulations in the market, and adjust various energy-saving and emission-reduction measures as and when appropriate and implement green transformation policies to meet the requirements of updating laws</li> </ul>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 6. BUILDING AN INCLUSIVE COMMUNITY

The Group has been paying close attention to the needs of sustainable development of China and local communities. Committed to serving the people wholeheartedly and doing practical things for the public, the Group has been proactively supporting public welfare activities in different communities over the years along its development path, including visiting and comforting the old and childless, conducting outreach events in the community, assisting in pandemic prevention and control efforts, and establishing service platforms for employees, aiming to share our development achievements with the community. During the Reporting Period, the Group's employee volunteer team contributed a total of 920 hours of community public service.

In addition to the above charitable activities, set out below are the major public welfare activities launched by the Group during the Year, demonstrating our commitment to serving the country and the people, actively participating in national events, and improving the lives of the public through practical actions.

### **The Group's Support for the 31st Summer World University Games Voluntary Service Activities**

The 31st Summer World University Games were held in Chengdu, Sichuan Province, China, from 28 July to 8 August 2023. The Group sent representatives to support the voluntary service activities. This was the first time that a comprehensive world-class sporting event of this scale was held in Western China, featuring 18 sports disciplines, including basketball, volleyball, athletics and swimming.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## The Group's Voluntary Service Activities

In January, June and July 2023, the Group also carried out voluntary service activities. For example, during the Reporting Period, the operation management center of Chengwenqiong Expressway Company under the Group organized voluntary service activities during the Mid-Autumn Festival and the National Day holidays to ensure smooth traffic flow.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## APPENDIX I: SUSTAINABILITY DATA SUMMARY

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

Environmental KPIs	Unit	2023
<b>Emissions<sup>2</sup></b>		
Nitrogen oxides	kg	3,892.07
Sulfur oxides	kg	5.28
Particulate matter	kg	349.86
<b>Greenhouse gas (GHG) emissions</b>		
Direct GHG emissions (Scope 2) <sup>3</sup>	tonnes of CO <sub>2e</sub>	1,274.28
Indirect GHG emissions (Scope 3) <sup>4</sup>	tonnes of CO <sub>2e</sub>	4,499.89
Total GHG emissions (Scope 1 and 2)	tonnes of CO <sub>2e</sub>	5,774.17
Intensity of GHG emissions (Scope 1 and 2)	tonnes of CO <sub>2e</sub> /per million revenue in RMB	2.00

<sup>2</sup> Emissions represent exhaust gases from official vehicles, which were calculated based on the emission coefficient contained in Appendix II Reporting Guidance on Environmental KPIs issued by the Stock Exchange.

<sup>3</sup> Direct emissions (Scope 1) include carbon dioxide, methane and nitrous oxide. The calculation method of direct emissions (Scope 1) and the related emission factors are based on the 2006 IPCC Guidelines for National Greenhouse Gas Inventories published by the Intergovernmental Panel on Climate Change (IPCC), the Greenhouse Gas Protocol and the ESG Reporting Guide.

<sup>4</sup> The calculation method of indirect emissions (Scope 2) and the related emission factors are based on the Notice on Improving the Management of Greenhouse Gas Emission Reporting for Enterprises in the Power Generation Industry in 2023-2025 by the Ministry of Ecology and Environment of the People's Republic of China.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental KPIs	Unit	2023
<b>Energy consumption<sup>5</sup></b>		
Natural gas consumption	cubic metre	41,839.00
Intensity of natural gas consumption	cubic metre/per million revenue in RMB	14.46
Petrol consumption	litre	57,609.71
Intensity of petrol consumption	litre/per million revenue in RMB	19.91
Diesel consumption	litre	280,495.43
Intensity of diesel consumption	litre/per million revenue in RMB	96.92
Power consumption	MWh	7,890.39
Intensity of power consumption	MWh/per million revenue in RMB	2.73
Total energy consumption	MWh	11,724.07
Intensity of energy consumption	MWh/per million revenue in RMB	4.05
<b>Water consumption</b>		
Total water consumption	cubic metre	106,794.34 <sup>6</sup>
Water consumption intensity	cubic metre/per million revenue in RMB	36.90
<b>Paper consumption</b>		
Total paper consumption	kg	10,294.43
Paper consumption intensity	kg/per million revenue in RMB	3.56
<b>Waste generation</b>		
Total non-hazardous waste	tonnes	343.64
Non-hazardous waste intensity	tonnes/per million revenue in RMB	0.12
Total hazardous waste	kg	1,171.28
Hazardous waste intensity	kg/per million revenue in RMB	0.40



<sup>5</sup> The conversion to MWh is based on the conversion factors set out in the Energy Statistics Manual of the International Energy Agency.

<sup>6</sup> During the Reporting Period, the commencement of operation of certain projects led to an increase in water consumption in the service areas as compared with last year.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social KPIs	Unit	2023
<b>Total number of employees</b>	Number	2,290
<b>Number of employees by gender</b>		
Female	Number	1,346
Male	Number	944
<b>Number of employees by age group</b>		
Under 30	Number	617
Between 30 and 50	Number	1,536
Above 50	Number	137
<b>Number of employees by geographical region</b>		
Sichuan Province, China	Number	2,265
Others (including Hong Kong, Macau and Taiwan)	Number	25
<b>Number of employees by category</b>		
Frontline employees	Number	1,954
Junior employees	Number	253
Mid-level management	Number	58
Senior management	Number	25

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social KPIs	Unit	2023
<b>Turnover rate<sup>7</sup></b>		
<b>Total turnover rate of employees</b>	%	6.94
<b>Turnover rate of employees by gender<sup>7</sup></b>		
Female	%	6.98
Male	%	6.89
<b>Turnover rate of employees by age group<sup>7</sup></b>		
Under 30	%	9.40
Between 30 and 50	%	5.34
Above 50	%	13.87
<b>Turnover rate of employees by geographical region<sup>7</sup></b>		
Sichuan Province, China	%	6.84
Others (including Hong Kong, Macau and Taiwan)	%	16.00
<b>Trainings<sup>8</sup></b>		
<b>Percentage of employees trained</b>	%	100
<b>Percentage of employees trained by gender<sup>8</sup></b>		
Female	%	100
Male	%	100
<b>Percentage of employees trained by category<sup>8</sup></b>		
Frontline employees	%	100
Junior employees	%	100
Mid-level management	%	100
Senior management	%	100
<b>Average training hours per employee by gender<sup>9</sup></b>		
Female	hour	62.90 <sup>10</sup>
Male	hour	55.76 <sup>10</sup>

<sup>7</sup> Turnover rate is arrived at by dividing the number of employees by category lost by the number of employees by category as at the end of the year and multiplied by 100%

<sup>8</sup> Method of calculation: employees trained of a given category divided by the number of employees of a given category as at the end of the year and multiplied by 100%

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social KPIs	Unit	2023
<b>Average training hours per employee by category<sup>9</sup></b>		
Frontline employees	hour	65.08 <sup>10</sup>
Junior employees	hour	32.48 <sup>10</sup>
Mid-level management	hour	23.11 <sup>10</sup>
Senior management	hour	28.10 <sup>10</sup>
<b>Occupational health and safety performance</b>		
Work-related casualties in 2023	person	0
Percentage of work-related casualties in 2023	%	0
Work-related casualties in 2022	person	0
Percentage of work-related casualties in 2022	%	0
Work-related casualties in 2021	person	0
Percentage of work-related casualties in 2021	%	0
Work days lost due to work-related injury	day	754 <sup>11</sup>

<sup>9</sup> Method of calculation: employees trained of a gender by the number of employees of the same gender

<sup>10</sup> During the Reporting Period, there was an increase in the average number of training hours per employee as a result of the Chengdu “Five Little Things” study conducted by the subsidiaries of the Group.

<sup>11</sup> During the Reporting Period, there was an increase in the number of work-related injuries to employees on their way to and from work as compared to the same period of last year due to the increase in the number of employees and the normalization of economic activities. We will strengthen work safety education and training and promote the implementation of work safety responsibilities in order to reduce the number of work injuries in the future.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## APPENDIX II: HKEX ESG REPORTING GUIDE CONTENT INDEX

Indicator	Chapter
<b>Mandatory Disclosure Requirements</b>	
<p>Governance Structure</p>	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> <li>(i) a disclosure of the board’s oversight of ESG issues;</li> <li>(ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s businesses); and</li> <li>(iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses.</li> </ul>
<p>Reporting Principles</p>	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <p>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer’s stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>
<p>Reporting Boundary</p>	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator		Chapter
<b>B. Social Aspect</b>		
<b>B1:</b>	<b>Employment</b>	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4. Nurturing Outstanding Talents
B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Appendix I: Sustainability Data Summary
B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: Sustainability Data Summary
<b>B2:</b>	<b>Health and Safety</b>	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.3 Establishing a Safe Workplace
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix I: Sustainability Data Summary
B2.2	Lost days due to work injury.	Appendix I: Sustainability Data Summary
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.3 Establishing a Safe Workplace
<b>B3:</b>	<b>Development and Training</b>	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.4 Staff Training and Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.4 Staff Training and Development
B3.2	The average training hours completed per employee by gender and employee category.	4.4 Staff Training and Development

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator		Chapter
<b>B4:</b>	<b>Labour Standards</b>	
B4	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	4.1 Safeguarding the Rights and Interests of Employers and Employees
B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.1 Safeguarding the Rights and Interests of Employers and Employees
B4.2	Description of steps taken to eliminate non-compliance when discovered.	4.1 Safeguarding the Rights and Interests of Employers and Employees
<b>B5:</b>	<b>Supply Chain Management</b>	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	3.6 Sustainable Supply Chain Management
B5.1	Number of suppliers by geographical region.	3.6 Sustainable Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	3.6 Sustainable Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.6 Sustainable Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.6 Sustainable Supply Chain Management

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator		Chapter
<b>B6:</b>	<b>Product Responsibility</b>	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	3.1 Road and Energy Safety Management 3.2 Providing High-quality Services 3.3 Safeguarding Information Security
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable as the Group's business does not involve any products sold or shipped
B6.2	Number of products and service related complaints received and how they are dealt with.	3.2 Providing High-quality Services
B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.3 Safeguarding Information Security
B6.4	Description of quality assurance process and recall procedures.	3.1 Road and Energy Safety Management
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	3.3 Safeguarding Information Security
<b>B7:</b>	<b>Anti-corruption</b>	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering.	3.4 Adhering to Business Ethics
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	3.4 Adhering to Business Ethics
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	3.4 Adhering to Business Ethics
B7.3	Description of anti-corruption training provided to directors and staff.	3.4 Adhering to Business Ethics

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator		Chapter
<b>B8:</b>	<b>Community Investment</b>	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests.	6. Building an Inclusive Community
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6. Building an Inclusive Community
B8.2	Resources contributed to the focus area.	6. Building an Inclusive Community



# INDEPENDENT AUDITOR'S REPORT



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

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

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

Ernst & Young Hua Ming (2024) Shen Zi No. 70022206\_D01  
Chengdu Expressway Co., Ltd.

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

## (I) OPINION

We have audited the financial statements of Chengdu Expressway Co., Ltd., which comprise the consolidated and company's balance sheets as at 31 December 2023, and the consolidated and company's income statements, the statements of changes in equity and the statements of cash flows for 2023, and notes to the financial statements.

In our opinion, the accompanying financial statements of Chengdu Expressway Co., Ltd. present fairly, in all material respects, the consolidated and company's financial position of Chengdu Expressway Co., Ltd. as at 31 December 2023, and the consolidated and company's financial performance and cash flows for 2023 in accordance with Accounting Standards for Business Enterprises.

## (II) BASIS OF OPINION

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

## (III) KEY AUDIT MATTERS

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

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



# INDEPENDENT AUDITOR'S REPORT



Ernst & Young Hua Ming (2024) Shen Zi No. 70022206\_D01  
Chengdu Expressway Co., Ltd.

## (III) KEY AUDIT MATTERS *(continued)*

Key audit matter:	How our audit addressed the key audit matter:
<i>Amortisation of service concession rights</i>	
<p>As the service concession rights of the five expressways operated by Chengdu Expressway Co., Ltd. and its subsidiaries represent its core assets, the amortisation thereof has a material impact on cost of sales. In 2023, amortisation of service concession rights amounted to RMB303,315,530 and RMB43,295,852 in the consolidated financial statements and the Company's financial statements, respectively.</p> <p>The amortisation of service concession rights is provided based on the traffic flow method, and calculated according to the share of actual traffic volume in a particular period over the sum of actual traffic volume in a particular period and total projected traffic volume throughout the remaining service concession period. The projection of the total traffic volume involves significant management judgement and estimates, including the expected gross domestic product (the "GDP") growth rate and the impact of other road networks within the same area.</p> <p>The management engaged independent professional traffic research institutions to assess the projected total traffic volume on each expressway during the service concession period. In follow-up periods, the management reviews the projected total traffic volume on a regular basis, and in case of any significant discrepancy and such discrepancy to persist, the management will entrust professional institutions to perform independent and professional traffic researches to make appropriate adjustments.</p> <p>The accounting policies and disclosures in relation to amortisation of service concession rights are included in Note III.16, Note III.28, Note III.29 and Note V.12.</p>	<p>We performed the following tasks in our audit procedures:</p> <ol style="list-style-type: none"> <li>1) We interviewed the management and understood the internal control associated with the review of the projected traffic volume against actual traffic volume;</li> <li>2) We reviewed the estimated projected total traffic volume of the each expressway and assessed whether these estimates were reliable and reasonable;</li> <li>3) We focused our analysis on management's key assumptions used in the estimates of the traffic volume such as the GDP growth rate, the impact of other road networks within the same area, the historical accuracy of management's estimates and assessed the consistency of the assumptions across expressways;</li> <li>4) We validated the accuracy of the data on actual traffic volume employed by the management in calculating the amortisation of service concession rights, and justified the reasonableness of the calculation process; and recalculated the amortisation of the service concession rights;</li> <li>5) We considered whether the amortisation methodology adopted by the management represented the way in which estimated economic benefits from the expressway service rights will be depleted; and</li> <li>6) We validated relevant disclosures in the financial statements.</li> </ol>

# INDEPENDENT AUDITOR'S REPORT



Ernst & Young Hua Ming (2024) Shen Zi No. 70022206\_D01  
Chengdu Expressway Co., Ltd.

## (IV) OTHER INFORMATION

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

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

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

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

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

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

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

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

# INDEPENDENT AUDITOR'S REPORT



Ernst & Young Hua Ming (2024) Shen Zi No. 70022206\_D01  
Chengdu Expressway Co., Ltd.

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

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

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

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Chengdu Expressway Co., Ltd. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to express our non-unqualified opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Chengdu Expressway Co., Ltd. to cease to continue as a going concern.

# INDEPENDENT AUDITOR'S REPORT



Ernst & Young Hua Ming (2024) Shen Zi No. 70022206\_D01  
Chengdu Expressway Co., Ltd.

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

- (5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Chengdu Expressway Co., Ltd. to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Ai Wei  
(Engagement partner)

Chinese Certified Public Accountant: Hu Yan

Beijing, PRC

27 March 2024

# CONSOLIDATED BALANCE SHEET

31 December 2023 Unit: RMB

ASSETS	Note V	31 December 2023	31 December 2022
Current assets			
Currency funds	1	<b>2,260,931,042</b>	1,889,340,360
Accounts receivable	2	<b>226,215,503</b>	207,447,293
Prepayments	3	<b>66,526,433</b>	56,774,860
Other receivables	4	<b>77,256,512</b>	52,766,054
Inventories	5	<b>20,670,025</b>	17,322,330
Other current assets	6	<b>20,905,188</b>	13,799,306
<b>Total current assets</b>		<b>2,672,504,703</b>	2,237,450,203
Non-current assets			
Long-term equity investments	7	<b>522,560,337</b>	453,144,917
Other non-current financial assets	8	<b>85,822,000</b>	81,290,000
Fixed assets	9	<b>418,222,189</b>	321,861,951
Construction in progress	10	<b>19,201,784</b>	102,137,560
Right-of-use assets	11	<b>53,643,925</b>	35,125,844
Intangible assets	12	<b>5,347,248,968</b>	5,816,283,174
Goodwill	13	<b>75,650,620</b>	75,650,620
Long-term prepaid expenses	14	<b>1,725,002</b>	2,329,560
Deferred tax assets	15	<b>31,569,305</b>	28,476,978
Other non-current assets	16	<b>26,598,143</b>	15,000,398
<b>Total non-current assets</b>		<b>6,582,242,273</b>	6,931,301,002
<b>Total assets</b>		<b>9,254,746,976</b>	9,168,751,205

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

# CONSOLIDATED BALANCE SHEET

31 December 2023 Unit: RMB

LIABILITIES AND EQUITY	Note V	31 December 2023	31 December 2022
Current liabilities			
Accounts payable	18	521,675,639	710,797,756
Receipts in advance	19	1,348,951	2,955,800
Contract liabilities	20	8,285,026	22,627,372
Employee benefits payable	21	39,884,414	31,803,009
Taxes and surcharges payable	22	57,464,219	38,431,939
Other payables	23	219,321,536	140,703,423
Non-current liabilities due within one year	24	248,194,146	216,940,982
Other current liabilities	25	507,660	304,647,960
<b>Total current liabilities</b>		<b>1,096,681,591</b>	1,468,908,241
Non-current liabilities			
Long-term borrowings	26	2,175,781,765	2,329,000,000
Debentures payable	27	300,000,000	–
Lease liabilities	28	44,243,371	26,869,475
Deferred tax liabilities	15	195,371,779	191,289,142
Provisions	29	7,756,746	–
Other non-current liabilities	30	132,587,577	193,066,151
<b>Total non-current liabilities</b>		<b>2,855,741,238</b>	2,740,224,768
<b>Total liabilities</b>		<b>3,952,422,829</b>	4,209,133,009
Equity			
Share capital	31	1,656,102,000	1,656,102,000
Capital reserves	32	571,650,501	571,650,501
Specialised reserves	33	15,828,556	15,903,593
Surplus reserves	34	319,663,669	268,218,423
Unappropriated profit	35	1,785,400,193	1,512,865,283
<b>Total equity attributable to shareholders of the Company</b>		<b>4,348,644,919</b>	4,024,739,800
Non-controlling interests		953,679,228	934,878,396
<b>Total equity</b>		<b>5,302,324,147</b>	4,959,618,196
<b>Total liabilities and equity</b>		<b>9,254,746,976</b>	9,168,751,205

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

# CONSOLIDATED INCOME STATEMENT

2023 Unit: RMB

	Note V	2023	2022
Revenue	36	<b>2,894,040,981</b>	2,596,622,994
Less: Cost of sales	36	<b>1,851,990,580</b>	1,725,555,623
Taxes and surcharges	37	<b>12,075,116</b>	12,342,900
Selling expenses	38	<b>59,658,596</b>	61,984,568
Administrative expenses	39	<b>136,802,593</b>	124,291,671
Finance expenses	40	<b>79,671,353</b>	83,119,871
Including: Interest expenses	40	<b>114,352,584</b>	123,693,974
Interest income	40	<b>39,837,629</b>	41,862,428
Add: Other income		<b>101,101</b>	208,730
Investment income	41	<b>26,694,326</b>	28,275,472
Including: Income from investments in associates and joint ventures	41	<b>26,012,826</b>	25,475,472
Credit impairment gain	42	<b>12,658,769</b>	50,464,840
Asset impairment loss	43	–	(16,578,653)
Gains from disposal of assets	44	<b>3,793,973</b>	363,653
Fair value loss/(gain)	45	<b>4,532,000</b>	(2,660,700)
Operating profit		<b>801,622,912</b>	649,401,703
Add: Non-operating income	46	<b>13,551,631</b>	23,260,299
Less: Non-operating expenses	47	<b>8,307,866</b>	400,047
Total profit		<b>806,866,677</b>	672,261,955
Less: Income tax expenses	49	<b>144,690,288</b>	111,878,822
Net profit		<b>662,176,389</b>	560,383,133
Classified by continuity of operations			
Net profit from continuing operations		<b>662,176,389</b>	560,383,133
Classified by ownership			
Net profit attributable to shareholders of the Company		<b>618,766,312</b>	490,148,932
Net profit attributable to non-controlling interests		<b>43,410,077</b>	70,234,201
Total comprehensive income		<b>662,176,389</b>	560,383,133
Including:			
Total comprehensive income attributable to shareholders of the Company		<b>618,766,312</b>	490,148,932
Total comprehensive income attributable to non-controlling interests		<b>43,410,077</b>	70,234,201
Earnings per share (RMB/share)	50		
Basic and diluted earnings per share		<b>0.37</b>	0.30

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2023 Unit: RMB

2023

	Attributable to shareholders of the Company					Subtotal	Non-controlling interests	Total equity
	Share capital	Capital reserves	Specialised reserves	Surplus reserves	Unappropriated profit			
I. Closing balances of the preceding year	1,656,102,000	516,284,901	15,903,593	268,218,423	1,527,160,528	3,983,669,445	934,324,041	4,917,993,486
Add: Correction to accounting errors	-	55,365,600	-	-	(14,295,245)	41,070,355	554,355	41,624,710
II. Opening balances for the year	1,656,102,000	571,650,501	15,903,593	268,218,423	1,512,865,283	4,024,739,800	934,878,396	4,959,618,196
III. Changes in the current year								
(I) Total comprehensive income	-	-	-	-	618,766,312	618,766,312	43,410,077	662,176,389
(II) Shareholder contribution and capital reduction								
1. Capital increase from non-controlling interests	-	-	-	-	-	-	38,628,223	38,628,223
2. Others	-	-	-	-	-	-	-	-
(III) Profit distribution								
1. Appropriation of surplus reserves	-	-	-	51,445,246	(51,445,246)	-	-	-
2. Distribution to shareholders	-	-	-	-	(294,786,156)	(294,786,156)	(61,077,302)	(355,863,458)
(IV) Specialised reserves								
1. Appropriation during the year	-	-	565,542	-	-	565,542	32,978	598,520
2. Utilisation during the year	-	-	(2,313,071)	-	-	(2,313,071)	(2,290,672)	(4,603,743)
3. Net changes in specialised reserves of joint ventures entitled to on a pro-rata basis	-	-	1,672,492	-	-	1,672,492	97,528	1,770,020
IV. Closing balances for the year	1,656,102,000	571,650,501	15,828,556	319,663,669	1,785,400,193	4,348,644,919	953,679,228	5,302,324,147

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



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2023 Unit: RMB

2022

	Attributable to shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Capital reserves	Specialised reserves	Surplus reserves	Unappropriated profit	Subtotal		
I. Closing balances of the preceding year	1,656,102,000	504,353,491	14,906,630	213,889,871	1,308,271,876	3,697,523,868	903,908,398	4,601,432,266
Add: Correction to accounting errors	-	55,365,600	-	-	2,283,408	57,649,008	554,355	58,203,363
II. Opening balances for the year	1,656,102,000	559,719,091	14,906,630	213,889,871	1,310,555,284	3,755,172,876	904,462,753	4,659,635,629
III. Changes in the current year								
(I) Total comprehensive income	-	-	-	-	490,148,932	490,148,932	70,234,201	560,383,133
(II) Shareholder contribution and capital reduction								
1. Capital increase from non-controlling interests	-	-	-	-	-	-	11,167,316	11,167,316
2. Others	-	11,931,410	-	-	-	11,931,410	11,027,076	22,958,486
(III) Profit distribution								
1. Appropriation of surplus reserves	-	-	-	54,328,552	(54,328,552)	-	-	-
2. Distribution to shareholders	-	-	-	-	(233,510,381)	(233,510,381)	(62,439,484)	(295,949,865)
(IV) Specialised reserves								
1. Appropriation during the year	-	-	4,922,965	-	-	4,922,965	4,621,787	9,544,752
2. Utilisation during the year	-	-	(4,031,407)	-	-	(4,031,407)	(4,201,399)	(8,232,806)
3. Net changes in specialised reserves of joint ventures entitled to on a pro-rata basis	-	-	105,405	-	-	105,405	6,146	111,551
IV. Closing balances for the year	1,656,102,000	571,650,501	15,903,593	268,218,423	1,512,865,283	4,024,739,800	934,878,396	4,959,618,196

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

2023 Unit: RMB

	Note V	2023	2022
<b>I. Cash flows from operating activities:</b>			
Cash received from sale of goods or rendering of services		<b>2,737,349,588</b>	2,377,250,981
Refund of taxes and surcharges		<b>101,101</b>	209,437
Other cash received relating to operating activities	51	<b>160,562,812</b>	161,848,175
Subtotal of cash inflows from operating activities		<b>2,898,013,501</b>	2,539,308,593
Cash paid for purchase of goods and receipt of services		<b>1,118,411,196</b>	986,545,023
Cash paid to and on behalf of employees		<b>360,433,425</b>	365,481,539
Payments of taxes and surcharges		<b>215,754,059</b>	209,626,374
Other cash paid relating to operating activities	51	<b>88,825,329</b>	127,285,968
Subtotal of cash outflows from operating activities		<b>1,783,424,009</b>	1,688,938,904
Net cash flows from operating activities	52	<b>1,114,589,492</b>	850,369,689
<b>II. Cash flows used in investing activities:</b>			
Cash received from disposal of investments		<b>1,520,000,000</b>	1,274,112,773
Cash received from investment gains		<b>39,675,613</b>	40,114,666
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>26,888</b>	149,200
Subtotal of cash inflows from investing activities		<b>1,559,702,501</b>	1,314,376,639
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		<b>126,929,725</b>	189,030,763
Cash paid to acquire investments		<b>1,508,000,000</b>	1,390,979,131
Subtotal of cash outflows from investing activities		<b>1,634,929,725</b>	1,580,009,894
Net cash flows used in investing activities		<b>(75,227,224)</b>	(265,633,255)

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

2023 Unit: RMB

	Note V	2023	2022
<b>III. Cash flows used in financing activities:</b>			
Cash received from absorption of investments		<b>38,628,223</b>	11,167,316
Including: Cash received by subsidiaries from investment of non-controlling shareholders		<b>38,628,223</b>	11,167,316
Cash received from borrowings		<b>664,781,765</b>	300,000,000
Other cash received relating to financing activities	51	–	22,958,486
Subtotal of cash inflows from financing activities		<b>703,409,988</b>	334,125,802
Cash paid for repayment of debts		<b>799,400,000</b>	439,600,000
Cash paid for distribution of dividends, profits or repayment of interests		<b>480,765,507</b>	409,929,502
Including: Dividends and profits paid to non-controlling interests by subsidiaries		<b>70,141,933</b>	53,374,853
Other cash paid relating to financing activities	51	<b>15,746,667</b>	55,380,981
Subtotal of cash outflows from financing activities		<b>1,295,912,174</b>	904,910,483
Net cash flows used in financing activities		<b>(592,502,186)</b>	(570,784,681)
<b>IV. Net increase in cash and cash equivalents</b>		<b>446,860,082</b>	13,951,753
Add: Balance of cash and cash equivalents at the beginning of the year		<b>1,814,070,960</b>	1,800,119,207
<b>V. Balance of cash and cash equivalents at the end of the year</b>	52	<b>2,260,931,042</b>	1,814,070,960

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

# BALANCE SHEET OF THE COMPANY

31 December 2023 Unit: RMB

<b>ASSETS</b>	<i>Note XIV</i>	<b>31 December 2023</b>	31 December 2022
Current assets			
Currency funds		<b>1,747,851,398</b>	1,450,834,319
Accounts receivable	1	<b>9,610,306</b>	5,045,754
Prepayments		<b>2,475,461</b>	2,116,098
Other receivables	2	<b>113,565,670</b>	250,136,163
Other current assets		<b>11,413,862</b>	7,609,380
<b>Total current assets</b>		<b>1,884,916,697</b>	1,715,741,714
Non-current assets			
Long-term equity investments	3	<b>3,181,702,155</b>	2,961,470,647
Other non-current financial assets		<b>85,495,077</b>	80,790,000
Fixed assets		<b>57,938,176</b>	27,660,400
Construction in progress		<b>74,668</b>	19,799,454
Right-of-use assets		<b>13,759,179</b>	10,876,432
Intangible assets		<b>420,376,297</b>	464,048,741
Deferred tax assets		<b>9,631,592</b>	2,718,782
Other non-current assets		<b>10,000,000</b>	-
<b>Total non-current assets</b>		<b>3,778,977,144</b>	3,567,364,456
<b>Total assets</b>		<b>5,663,893,841</b>	5,283,106,170

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

# BALANCE SHEET OF THE COMPANY

31 December 2023 Unit: RMB

LIABILITIES AND EQUITY	31 December 2023	31 December 2022
Current liabilities		
Accounts payable	30,815,814	29,152,966
Receipts in advance	99,694	718,129
Employee benefits payable	9,015,148	7,369,934
Taxes and surcharges payable	15,971,109	5,823,056
Other payables	978,530,670	765,722,678
Non-current liabilities due within one year	129,217,062	112,296,715
Other current liabilities	-	304,188,082
<b>Total current liabilities</b>	<b>1,163,649,497</b>	<b>1,225,271,560</b>
Non-current liabilities		
Long-term borrowings	114,000,000	226,000,000
Debentures payable	300,000,000	-
Lease liabilities	10,907,959	7,670,155
Other non-current liabilities	55,834,356	24,328,734
<b>Total non-current liabilities</b>	<b>480,742,315</b>	<b>257,998,889</b>
<b>Total liabilities</b>	<b>1,644,391,812</b>	<b>1,483,270,449</b>
Equity		
Share capital	1,656,102,000	1,656,102,000
Capital reserves	729,032,527	729,032,527
Surplus reserves	319,663,669	268,218,423
Unappropriated profit	1,314,703,833	1,146,482,771
<b>Total equity</b>	<b>4,019,502,029</b>	<b>3,799,835,721</b>
<b>Total liabilities and equity</b>	<b>5,663,893,841</b>	<b>5,283,106,170</b>

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

# INCOME STATEMENT OF THE COMPANY

2023 Unit: RMB

	Note XIV	2023	2022
Revenue	4	<b>509,696,967</b>	409,895,875
Less: Cost of sales	4	<b>203,920,412</b>	184,413,963
Taxes and surcharges		<b>1,838,476</b>	1,924,244
Administrative expenses		<b>48,288,863</b>	40,484,653
Finance expenses		<b>6,165,545</b>	(391,521)
Including: Interest expenses		<b>41,482,264</b>	41,744,729
Interest income		<b>38,838,665</b>	41,941,041
Add: Other income		<b>53,580</b>	122,648
Investment income	5	<b>293,023,712</b>	377,813,597
Including: Income from investments in associates		<b>14,027,766</b>	17,568,910
Asset impairment loss		–	(16,578,653)
Fair value loss		<b>4,705,077</b>	(2,660,700)
Operating profit		<b>547,266,040</b>	542,161,428
Add: Non-operating income		<b>5,839,531</b>	15,196,554
Less: Non-operating expenses		<b>26,287</b>	154,751
Total profit		<b>553,079,284</b>	557,203,231
Less: Income tax expenses		<b>38,626,820</b>	30,496,370
Net profit		<b>514,452,464</b>	526,706,861
Including: Net profit from continuing operations		<b>514,452,464</b>	526,706,861
Total comprehensive income		<b>514,452,464</b>	526,706,861

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

# STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

2023 Unit: RMB

## 2023

	Share capital	Capital reserves	Surplus reserves	Unappropriated profit	Total equity
I. Closing balances of the preceding year	1,656,102,000	670,065,375	268,218,423	1,163,061,424	3,757,447,222
Add: Correction to accounting errors	–	58,967,152	–	(16,578,653)	42,388,499
II. Opening balances for the year	1,656,102,000	729,032,527	268,218,423	1,146,482,771	3,799,835,721
III. Changes in the current year					
(I) Total comprehensive income	–	–	–	514,452,464	514,452,464
(II) Profit distribution					
1. Appropriation of surplus reserves	–	–	51,445,246	(51,445,246)	–
2. Distribution to shareholders	–	–	–	(294,786,156)	(294,786,156)
IV. Closing balances for the year	1,656,102,000	729,032,527	319,663,669	1,314,703,833	4,019,502,029

## 2022

	Share capital	Capital reserves	Surplus reserves	Unappropriated profit	Total equity
I. Closing balances of the preceding year	1,656,102,000	670,065,375	213,889,871	907,614,843	3,447,672,089
Add: Correction to accounting errors	–	58,967,152	–	–	58,967,152
II. Opening balances for the year	1,656,102,000	729,032,527	213,889,871	907,614,843	3,506,639,241
III. Changes in the current year					
(I) Total comprehensive income	–	–	–	526,706,861	526,706,861
(II) Profit distribution					
1. Appropriation of surplus reserves	–	–	54,328,552	(54,328,552)	–
2. Distribution to shareholders	–	–	–	(233,510,381)	(233,510,381)
IV. Closing balances for the year	1,656,102,000	729,032,527	268,218,423	1,146,482,771	3,799,835,721

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

# STATEMENT OF CASH FLOWS OF THE COMPANY

2023 Unit: RMB

	2023	2022
<b>I. Cash flows from operating activities:</b>		
Cash received from sale of goods or rendering of services	490,111,144	413,407,793
Refund of taxes and surcharges	53,580	122,648
Other cash received relating to operating activities	75,837,965	58,012,161
Subtotal of cash inflows from operating activities	566,002,689	471,542,602
Cash paid for purchase of goods and receipt of services	85,763,005	93,773,650
Cash paid to and on behalf of employees	70,307,457	76,853,348
Payments of taxes and surcharges	51,579,530	37,190,826
Other cash paid relating to operating activities	52,158,520	66,664,391
Subtotal of cash outflows from operating activities	259,808,512	274,482,215
Net cash flows from operating activities	306,194,177	197,060,387
<b>II. Cash flows from investing activities:</b>		
Cash received from disposal of investments	1,220,000,000	1,031,962,773
Cash received from investment gains	314,783,006	394,310,001
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	6,391	99,920
Other cash received relating to investing activities	180,471,657	48,483,974
Subtotal of cash inflows from investing activities	1,715,261,054	1,474,856,668
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	34,398,835	8,895,558
Cash paid to acquire investments	1,382,047,277	1,148,744,387
Other cash paid relating to investing activities	-	115,000,000
Subtotal of cash outflows from investing activities	1,416,446,112	1,272,639,945
Net cash flows from investing activities	298,814,942	202,216,723

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



# STATEMENT OF CASH FLOWS OF THE COMPANY

2023 Unit: RMB

	2023	2022
<b>III. Cash flows used in financing activities:</b>		
Cash received from borrowings	600,000,000	300,000,000
Other cash received relating to financing activities	297,310,479	-
Subtotal of cash inflows from financing activities	897,310,479	300,000,000
Cash paid for repayment of debts	707,000,000	112,000,000
Cash paid for distribution of dividends, profits or repayment of interests	336,021,064	276,996,598
Other cash paid relating to financing activities	7,010,555	357,841,729
Subtotal of cash outflows from financing activities	1,050,031,619	746,838,327
Net cash flows used in financing activities	(152,721,140)	(446,838,327)
<b>IV. Net increase/(decrease) in cash and cash equivalents</b>	<b>452,287,979</b>	<b>(47,561,217)</b>
Add: Balance of cash and cash equivalents at the beginning of the year	1,295,563,419	1,343,124,636
<b>V. Balance of cash and cash equivalents at the end of the year</b>	<b>1,747,851,398</b>	<b>1,295,563,419</b>

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

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## I. BASIC INFORMATION

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

As of 31 December 2023, the Company issued an aggregate of 1,656,102,000 shares, representing total share capital of RMB1,656,102,000.

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

The parent company and the ultimate controller of the Group is Chengdu Communications Investment Transportation Construction and Management Group Co., Ltd. (formerly known as Chengdu Expressway Construction and Development Co., Ltd. (“Chengdu Expressway Construction”)) which is incorporated in the People’s Republic of China and State-owned Assets Supervision and Administration Commission of Chengdu Municipal Government (the “Chengdu SASAC”), respectively.

These financial statements were approved for issuance pursuant to the Board resolution passed on 27 March 2024.

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

## II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

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

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

These financial statements comply with the Accounting Standards for Business Enterprises, and give a true and complete view of the financial position of the Company and the Group as at 31 December 2023 and their financial performance and cash flows for 2023.

### 2. Accounting period

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

### 3. Operating period

The Group adopts a 12-month period as its operating period and uses it as the basis for classifying the liquidity of its assets and liabilities.

### 4. Functional currency

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

### 5. Business combinations

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

#### *Business combinations involving entities under common control*

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

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

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

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

### 5. Business combinations *(continued)*

#### *Business combinations involving entities not under common control*

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

The acquiree's identifiable assets, liabilities and contingent liabilities acquired by the acquirer in a business combination involving entities not under common control shall be measured at their fair values on the acquisition date. Goodwill is measured at the excess of cost of acquisition over the acquirer's interest in the fair value of the acquiree's net identifiable net assets, and subsequently measured at cost less accumulated impairment losses. If the cost of acquisition is lower than the acquirer's interest in the fair value of the acquiree's net identifiable net assets, the difference is, after reassessment of the fair value of each identifiable asset, liability and contingent liability acquired from the acquiree and cost of acquisition, recognised in profit or loss for the current period.

### 6. Consolidated financial statements

The scope of the consolidated financial statements, which include the financial statements of the Company and all of its subsidiaries, is determined on the basis of control. A subsidiary is an entity that is controlled by the Company (such as an enterprise, a deemed separate entity, or a structured entity controlled by the Company). An investor is able to control an investee when, and only when, the investor meets the following three requirements: the investor has power over the investee; a variable return as a result of its participation in the investee's relevant activities; and the ability to use its power over the investee to affect the amount of its return.

If the accounting policies or accounting periods used by the subsidiaries are not consistent with those used by the Company, necessary adjustments are made to the financial statements of the subsidiaries in accordance with the Company's accounting policies and accounting periods in the preparation of the consolidated financial statements. All intra-group assets, liabilities, equities, income, expenses and cash flows relating to transaction between members of the Group are eliminated in full of consolidation.

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

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

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

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

### 6. Consolidated financial statements *(continued)*

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

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

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

### 7. Joint arrangement and joint operations

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

### 8. Cash and cash equivalents

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

### 9. Foreign currency transactions

The Group translates foreign currency transactions into its functional currency.

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

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

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

### 9. Foreign currency transactions *(continued)*

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

### 10. Financial instruments

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

#### *Recognition and derecognition of financial instruments*

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

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

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

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

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

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

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

### 10. Financial instruments *(continued)*

#### *Classification and measurement of financial assets*

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

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

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

Subsequent measurement of financial assets depends on their classification:

#### *Debt instrument investments measured at amortised cost*

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

#### *Financial assets measured at fair value through profit or loss*

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

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

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

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

### 10. Financial instruments *(continued)*

#### *Classification and measurement of financial liabilities*

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

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

#### *Impairment of financial instruments*

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

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

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

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

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



# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

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

### 10. Financial instruments *(continued)*

#### *Impairment of financial instruments (continued)*

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

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

#### *Financial guarantee contracts*

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

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

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

### 11. Inventories

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

Inventories are accounted for using the perpetual inventory system.

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

### 12. Long-term equity investments

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

A long-term equity investment is initially measured at its initial investment cost on acquisition. For a long-term equity investment acquired through business combination involving entities under common control, the initial investment cost of the long-term equity investment is the carrying amount of the absorbing party's share of the owner's equity of the party being absorbed on the consolidated financial statements of the ultimate controller. The difference between the initial investment cost and the carrying amount of the consideration paid for the combination shall be adjusted against capital reserve (where the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings). For a long-term equity investment acquired through business combination not involving enterprises under common control, the combination cost is taken as the initial investment cost. In addition to the long-term equity investments acquired by the long-term investment formed by business combination, the initial investment cost is determined according to the following methods: if acquired by cash payment, the actual purchase price and the expenses, taxes and other required expenditures directly related to the long-term equity investment will be taken as the initial investment cost; if acquired through issuing equity securities, the fair value of the issued equity instruments will be taken as the initial investment cost.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

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

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

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

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

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

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

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

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

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

### 13. Fixed assets

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

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

Depreciation of fixed assets, except for those formed by the use of appropriated safety production costs, is calculated using the straight-line method. The useful lives, estimated residual value rates and annual depreciation rates of each category of fixed assets are as follows:

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

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

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

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

### 14. Construction in progress

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

Construction in progress is transferred to fixed assets when the asset is ready for its intended use with the criteria as follows:

#### Criteria for transferring to fixed assets

Buildings	Completion of acceptance inspection
Petrol and gas station facilities	Completion of acceptance inspection
Supervising equipment and others	Completion of installation and commissioning
Toll collection facilities	Completion of installation and commissioning

### 15. Borrowing costs

All the borrowing costs that are directly attributable to construction of all qualifying assets are capitalised and other borrowing costs are recognised as an expense in profit or loss.

Capitalization of borrowing costs begins when capital expenditures and borrowing costs have been incurred and the acquisition and construction or production activities necessary to bring the asset to its intended use or marketable condition have begun.

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

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

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

### 15. Borrowing costs *(continued)*

Within the capitalisation period, the amounts of capitalised borrowing costs for each accounting period are determined by the following methods: for specific borrowings, the borrowing costs eligible for capitalisation are the actual interest expenses incurred during the current period after deducting any temporary interest or investment income; for general borrowings, the borrowing costs eligible for capitalisation are determined by multiplying the weighted average of capital expenditure that exceeds the specific borrowings and weighted average interest rate of the general borrowings.

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

### 16. Intangible assets

Concession rights are amortized over the concession period using the traffic flow method and other intangible assets are amortized using the straight-line method over their useful lives, which are set out below:

	Useful life	Basis of determination
Land use rights	40 years	Land use right certificate
Service concession rights	25.5-30 years	Concession period
Software	5 years	Expected useful life

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

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

### 16. Intangible assets (continued)

Particulars of the expressways under the Group as of 31 December 2023 are as follows:

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

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

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

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

### 17. Impairment of assets

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

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

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

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

The carrying amount of the related asset group or set of asset groups to which goodwill has been allocated is compared to its recoverable amount. If the carrying amount of the asset group or set of asset groups is higher than its recoverable amount, the amount of the impairment loss shall firstly charge against the carrying amount of the goodwill allocated to the asset group or set of asset groups, and then charge against the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, on a pro rata basis of the carrying amount of each asset.

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



# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

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

### 18. Long-term prepaid expenses

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

	<b>Amortisation period</b>
Improvements of right-of-use assets	2.5-5 years
Others	3 years

### 19. Employee benefits

Employee benefits are all forms of considerations given by an entity in exchange for services rendered by employees or for the termination of employment. Employee benefits include short-term employee benefits, post-employment benefits and termination benefits.

#### *Short-term benefits*

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

#### *Post-employment benefits (defined contribution plan)*

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

#### *Termination benefits*

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

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

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

### 20. Provisions

Except for contingent consideration transferred and contingent liability assumed in business combinations not involving entities under common control, the Group recognises an obligation related to a contingency as a provision when the obligation is a present obligation of the Group, it is probable that an outflow of economic benefits from the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, with comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of a provision is reviewed on the balance sheet date and adjusted appropriately to the current best estimate.

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

### 21. Revenue from contracts with customers

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

- (1) The Group's toll income from the operations of expressways is recognised at the amount received or receivable incurred upon pass-through;
- (2) The Group's income from energy segment mainly includes the sales of refined oil products at gas stations and income from convenience stores, and the income is recognised when the Group's performance obligations have been completed and the control of corresponding commodities has been transferred to customers;

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

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

### 21. Revenue from contracts with customers *(continued)*

- (3) For revenue from construction services related to service concession rights the Group takes it as the performance obligations fulfilled within a certain period and recognizes the revenue according to performance schedule, except that the performance schedule cannot be reasonably determined. The Group determines the performance schedule of the service it provides in accordance with the input method and the costs occurred. Where the performance schedule cannot be reasonably determined and the costs incurred to the Group are expected to be recovered, the revenue arising therefrom is recognized according to the amount of costs incurred until the performance schedule can be reasonably determined;
- (4) To derive income from operation and management services, the Group shall fulfill its performance obligations in the period of providing operation and management services, and revenue is recognised by stage during such period;
- (5) The Group recognises revenue for its maintenance business when it fulfills its performance obligations and the economic benefits arising from the transactions can flow into the Group.

#### *Variable consideration*

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

#### *Principal/agent*

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

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

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

### 22. Contract liabilities

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

#### *Contract liabilities*

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

### 23. Government grants

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

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

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

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

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

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

### 24. Deferred tax

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

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

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

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

- (1) is not a business combination, at the time of the transaction, affects neither accounting profit nor deductible losses, and does not result in the creation of taxable temporary differences and deductible temporary differences of equal amount from initial recognition of assets and liabilities; and
- (2) as to deductible temporary differences associated with subsidiaries, joint ventures and associates, it is probable that the temporary difference will reverse in the foreseeable future, and taxable profit will be available against which the temporary difference can be utilised.

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

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

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

### 24. Deferred tax *(continued)*

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

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

### 25. Leases

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

#### *As lessee*

Save for short-term lease and low-value asset lease, the Group recognises right-of-use assets and lease liabilities for leases.

#### *Right-of-use assets*

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

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

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

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

### 25. Leases *(continued)*

#### *Lease liabilities*

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

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

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

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

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

### 25. Leases *(continued)*

#### *Short-term lease and low-value lease*

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

#### *As lessor*

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

#### *As lessor of an operating lease*

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

### 26. Safety production funds

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



# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

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

### 27. Fair value measurement

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

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

For assets or liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation on each balance sheet date.

### 28. Significant accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that will affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities at the balance sheet date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### *Estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are described below.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

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

### 28. Significant accounting judgements and estimates *(continued)*

#### *Estimation uncertainty (continued)*

##### Impairment of financial instruments

The Group uses the expected credit loss model to assess the impairment of financial instruments. The Group is required to perform significant judgement and estimation and take into account all reasonable and supportable information, including forward-looking information. When making such judgements and estimates, the Group infers the expected changes in the debtor's credit risk based on the historical repayment data in combination with economic policies, macroeconomic indicators, and industry risks. The different estimates may impact the impairment assessment, and the provision for impairment may also not be representative of the actual impairment loss in the future.

##### Impairment of non-current assets other than financial assets (other than goodwill)

The Group assesses whether there are any indications of impairment for all non-current assets other than financial assets at the balance sheet date. Non-current assets other than financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from it. The calculation of the fair value less costs of disposal based on available data from binding sales transactions in an arm's-length transaction of similar assets or observable market prices less incremental costs for disposing of the assets. When the calculations of the present value of the future cash flows expected to be derived from an asset or asset group are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

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

### 28. Significant accounting estimates *(continued)*

#### *Estimation uncertainty (continued)*

##### Impairment of goodwill

The Group carries out tests for impairment of goodwill on an annual basis, which entails estimation of the present value of future cash flows of the asset groups or sets of asset groups to which goodwill is allocated. When estimating the present value of future cash flows, the Group needs to estimate the cash flows generated by the future asset groups or sets of asset groups, and select the appropriate discount rate to determine the present value of future cash flows. For details, please refer to Note V.13.

##### Amortisation of service concession rights

The amortisation of service concession rights is calculated under the traffic flow method, whereby the amortisation is provided based on the share of actual traffic volume in a particular period over the sum of the actual traffic volume and projected total traffic volume throughout the remaining periods for which the Group is granted to operate those service concession rights. The projected total traffic volume over the remaining concession periods could change significantly. The Group reviews regularly the projected total traffic volume throughout the operating periods of the respective service concession rights. In case of significant differences and such differences to subsist, the Group will engage professional institutions to perform independent professional traffic studies and make appropriate adjustments.

##### Deferred tax assets

Deferred tax assets are recognised for all unused deductible tax losses to the extent that it is probable that taxable profit will be available against which the deductible tax losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

##### Fair value of unlisted equity investment

The Group determines the fair value of unlisted equity investments using market method. This requires the Group to identify comparable listed companies, select market multiples and estimate liquidity discounts and is therefore uncertain. For evaluation of fair values of unlisted equity investment, please refer to Note IX.2.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

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

### 28. Significant accounting estimates *(continued)*

#### *Estimation uncertainty (continued)*

#### Incremental borrowing rate of lessee

For leases where the implicit interest rate in the lease cannot be determined, the Group uses the lessee's incremental borrowing rate as the discount rate to calculate the present value of the lease payments. In determining the incremental borrowing rate, the Group uses observable interest rates as a reference for determining the incremental borrowing rate based on the economic environment in which it operates. On this basis, the reference rate is adjusted to calculate the applicable incremental borrowing rate based on the specific circumstances of the leasing business, including its own circumstances, the subject assets, the lease term and the amount of the lease liabilities.

### 29. Change in accounting estimates

The Group reassessed and updated the forecast traffic volume of Chengguan Expressway, Chengpeng Expressway and Qiongming Expressway, and adopted the reassessed forecast traffic volume as the basis for amortization of service concession rights of the above three expressways starting from 1 January 2023. Net profit of the Group for 2023 was reduced by RMB8,414,281 as a result of the aforesaid change in accounting estimates.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## IV. TAXES

### 1. Major taxes and respective tax rates

	Basis of calculation of tax	Tax rate
Value-added tax (VAT)	Sales and output tax calculated at the applicable tax rate, after deducting the deductible input tax	Simplified rate of 3% for toll income and traffic volume compensation for operation suspension at a toll station, 13% for income from sales of oil products and goods in convenience stores and trading, 6% for operation and management services, 9% or 5% for other income such as maintenance and rental income and forward traffic volume compensation; and 3% for small-sized taxpayers
City maintenance and construction tax	Actual turnover tax paid	7%
Corporate income tax	Taxable income	25%, 20%, 15%

The taxable entities implementing different enterprise income tax rates and the corresponding income tax rates are as follows:

	Income tax rate
The Company	15%
Chengdu Chengwenqiong Expressway Co., Ltd. ("Chengwenqiong Expressway Company")	15%
Chengdu Airport Expressway Co., Ltd. ("Chengdu Airport Expressway Company")	15%
Sichuan Chengming Expressway Co., Ltd. ("Chengming Expressway Company")	15%
Chengdu Expressway Operation Management Co., Ltd. ("Operation Company")	15%
Chengdu Chengpeng Expressway Co., Ltd. ("Chengpeng Expressway Company")	15%
Chengdu Expressway Zhenxing Development Co., Ltd. ("Zhenxing Company")	25%
Chengdu Xinyuanli Huamin Petrol Station Co., Ltd. (formerly known as Chengdu Communications Investment Energy Operation and Management Co., Ltd. ("Xinyuanli Energy"))	25%
Chengdu Communications Investment Energy Development Co., Ltd. ("Communications Investment Energy")	25%
Chengdu Energy Development Co., Ltd. ("Energy Development Company")	25%
Chengdu Zhongyou Energy Co., Ltd. ("Zhongyou Energy")	25%

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## IV. TAXES (continued)

### 2. Tax concessions

According to the Circular of Extending the Period of Western Development Strategies Preferential Tax Rate (circular of the Ministry of Finance, State Taxation Administration and National Development and Reform Commission [2020] No. 23), from 1 January 2021 to 31 December 2030, enterprises located in western China that are engaged in encouraged industries shall be subject to a reduced enterprise income tax at a tax rate of 15%. The enterprises in the encouraged industries shall mainly engage in the industries set out in the Catalog of Encouraged Industries in Western China, and the revenue from the main business of such enterprises shall exceed 60% of the total revenue.

The Company and its subsidiaries, including Chengwenqiong Expressway Company, Chengdu Airport Expressway Company, Chengpeng Expressway Company, Chengming Expressway Company and Operation Company were qualified for the tax preferential policies in the grand development of China's Western region in 2022 and 2023 and therefore shall pay corporate income tax at the preferential tax rate of 15%.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Currency funds

	<b>31 December 2023</b>	31 December 2022
Cash on hand	<b>81,100</b>	119,825
Bank deposits	<b>2,260,034,758</b>	1,872,662,639
Other currency funds	<b>815,184</b>	16,557,896
Total	<b>2,260,931,042</b>	1,889,340,360
Including: Total amount of funds placed overseas	<b>13,824,644</b>	14,055,797

### 2. Accounts receivable

An ageing analysis of accounts receivable based on the invoice dates is as follows:

	<b>31 December 2023</b>	31 December 2022
Within 1 year	<b>215,641,673</b>	165,245,486
1 to 2 years	<b>12,675,582</b>	45,883,151
	<b>228,317,255</b>	211,128,637
Less: Provision for bad debts of accounts receivable	<b>2,101,752</b>	3,681,344
Total	<b>226,215,503</b>	207,447,293

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2. Accounts receivable (continued)

As at 31 December 2023, RMB195,398,696 (31 December 2022: RMB188,449,854) out of the Group's accounts receivable represented toll batch payment receivable by Chengwenqiong Expressway Company from district or county-level governments along the Chengwenqiong Expressway. In 2017, Chengwenqiong Expressway Company entered into the Agreement on Toll Batch Payment of Chengdu-registered Vehicles Travelling Through Chengwenqiong Expressway (the "Batch Payment Agreement") with Wenjiang District People's Government, Chongzhou Municipal People's Government, Dayi County People's Government and Qionglai Municipal People's Government, pursuant to which, commencing from 1 July 2017, toll batch payment shall be settled by the above district or county-level governments to Chengwenqiong Expressway Company for Chengdu-registered vehicles (excluding freight vehicles) travelling through Chengwenqiong Expressway. Monthly toll batch payment shall be subject to the actual traffic volume of Chengdu-registered vehicles of a given month and 70% of toll collection standards for each vehicle.

#### 2023

	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision made on an individual basis	30,816,807	13.50	-	-	30,816,807
Provision made on a collective basis using portfolios with similar credit risk features	197,500,448	86.50	2,101,752	1.06	195,398,696
<b>Total</b>	<b>228,317,255</b>	<b>100.00</b>	<b>2,101,752</b>		<b>226,215,503</b>

#### 2022

	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision made on an individual basis	19,005,194	9.00	7,755	0.04	18,997,439
Provision made on a collective basis using portfolios with similar credit risk features	192,123,443	91.00	3,673,589	1.91	188,449,854
<b>Total</b>	<b>211,128,637</b>	<b>100.00</b>	<b>3,681,344</b>		<b>207,447,293</b>



# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2. Accounts receivable (continued)

As at 31 December 2023, accounts receivable with provision made on an individual basis are set out below:

	Book balance	Bad debt provision	Provision ratio (%)	Reason for provision
Sichuan Intelligent Transportation Systems Management Co., Ltd. (四川智能交通系統管理有限責任公司) (“Sichuan Intelligent”)	27,094,680	-	-	Note
Chengdu Xinyuanli Huamin Petrol Station Co., Ltd. (成都新源里華民加油站有限責任公司) (formerly known as Chengdu Huamin Municipal Petrol Station (成都市華民市政加油站) (“Huamin Petrol Station”))	2,086,054	-	-	Note
Chengdu Xinyuanli Chengluo Petrol Station Co., Ltd. (成都新源里成洛加油站有限責任公司) (formerly known as Chengdu Municipal Shiling Petrol Station (成都市市政十陵加油站) (“Chengluo Petrol Station”))	903,349	-	-	Note
Chengdu Xinyuanli Xinhua Petrol Station Co., Ltd. (成都新源里新華加油站有限責任公司) (formerly known as Chengdu Xinhua Petrol Station (成都市新華加油站) (“Xinhua Petrol Station”))	188,429	-	-	Note
Others	544,295	-	-	
<b>Total</b>	<b>30,816,807</b>	<b>-</b>		

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2. Accounts receivable (continued)

As at 31 December 2022, accounts receivable with provision made on an individual basis are set out below:

	Book balance	Bad debt provision	Provision ratio (%)	Reason for provision
Sichuan Intelligent	16,504,914	–	–	Note
Xinhua Petrol Station	861,737	–	–	Note
Chengluo Petrol Station	854,654	–	–	Note
Huamin Petrol Station	513,403	–	–	Note
Others	270,486	7,755	2.87%	Not expected to be recovered
	19,005,194	7,755		

*Note:* Upon assessment by the management of the Group, toll income receivable from Sichuan Intelligent and sales amounts receivable from Huamin Petrol Station, Xinhua Petrol Station and Chengluo Petrol Station are generally collected within one month. Therefore, the management did not provide bad debts on such amounts.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2. Accounts receivable (continued)

As at 31 December 2023, accounts receivable with provision made on a collective basis are set out below:

	Book balance	Provision for impairment	Provision proportion (%)
Within 1 year	184,825,564	1,848,255	1.00
1 to 2 years	12,674,884	253,497	2.00
<b>Total</b>	<b>197,500,448</b>	<b>2,101,752</b>	

As at 31 December 2022, accounts receivable with provision made on a collective basis are set out below:

	Book balance	Provision for impairment	Provision proportion (%)
Within 1 year	146,240,292	2,617,806	1.79
1 to 2 years	45,883,151	1,055,783	2.30
<b>Total</b>	<b>192,123,443</b>	<b>3,673,589</b>	

Movements in bad debt provision of accounts receivable are as follows:

	Opening balance	Provision during the year	Reversal during the year	Written off during the year	Closing balance
<b>2023</b>	<b>3,681,344</b>	<b>–</b>	<b>(11,579,592)</b>	<b>10,000,000</b>	<b>2,101,752</b>
2022	2,465,455	1,755,258	(539,369)	–	3,681,344

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2. Accounts receivable (continued)

In particular, the significant amounts of bad debt provisions recovered or reversed during the year are as follows:

	Amount recovered or reversed	Reason for reverse	Recovery method	Basis and reasonableness of determining the proportion of the original provision for bad debts
Chongzhou Land Reserve Center	10,000,000	The amount was recovered	Recovered in monetary funds	The amount has an ageing of more than 10 years and full provision for bad debts has been made

The top five amounts of accounts receivable and contract assets as at 31 December 2023 are as follows:

	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of closing balance of accounts receivable and contract assets (%)	Closing balance of provision for bad debts on accounts receivable and impairment of contract assets
Dayi County People's Government	100,598,031	-	100,598,031	44.06	1,081,409
Chongzhou Municipal People's Government	80,702,417	-	80,702,417	35.35	858,343
Sichuan Intelligent	27,094,680	-	27,094,680	11.87	-
Wenjiang District People's Government	12,940,000	-	12,940,000	5.67	129,400
Qionglai Municipal People's Government	3,260,000	-	3,260,000	1.43	32,600
Total	224,595,128	-	224,595,128	98.38	2,101,752

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2. Accounts receivable (continued)

The top five amounts of accounts receivable and contract assets as at 31 December 2022 are as follows:

	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of the total closing balance of accounts receivable and contract assets (%)	Closing balance of provision for bad debts on accounts receivable and impairment of contract assets
Chongzhou Municipal People's Government	133,651,539	–	133,651,539	63.30	2,678,740
Dayi County People's Government	51,981,904	–	51,981,904	24.62	929,950
Sichuan Intelligent	16,504,914	–	16,504,914	7.82	–
Wenjiang District People's Government	6,490,000	–	6,490,000	3.07	64,900
Xinhua Petrol Station	861,737	–	861,737	0.41	–
<b>Total</b>	<b>209,490,094</b>	<b>–</b>	<b>209,490,094</b>	<b>99.22</b>	<b>3,673,590</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3. Prepayments

An ageing analysis of prepayments is set out below:

	<b>31 December 2023</b>	31 December 2022
Within 1 year	<b>65,232,775</b>	55,812,449
1 to 2 years	<b>1,293,658</b>	962,411
<b>Total</b>	<b>66,526,433</b>	56,774,860

As at the balance sheet date, the management of the Group considered that there was no impairment risk for prepayments.

An analysis of major prepayments is set out below:

The top five prepayment amounts as at 31 December 2023 are set out below:

	<b>Closing balance</b>	<b>Proportion of the closing balance of prepayments (%)</b>
PetroChina Company Limited (中國石油天然氣股份有限公司) (“PetroChina”)	<b>62,158,495</b>	<b>93.43</b>
Chengdu Pidun Transportation Bureau (成都市郫都區交通運輸局)	<b>774,103</b>	<b>1.16</b>
State Grid Sichuan Electric Power Company (國網四川省電力公司)	<b>479,116</b>	<b>0.72</b>
Chengdu Transportation Junction Construction Management Co., Ltd. (成都交通樞紐場站建設管理有限公司) (“Chengdu Transportation Junction”)	<b>379,138</b>	<b>0.57</b>
Dujiangyan Transportation Bureau (都江堰市交通運輸局)	<b>369,633</b>	<b>0.56</b>
<b>Total</b>	<b>64,160,485</b>	<b>96.44</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3. Prepayments (continued)

The information of top five prepayments as at 31 December 2022 is as follows:

	Closing balance	Proportion of the closing balance of prepayments (%)
PetroChina	53,370,324	94.00
State Grid Sichuan Electric Power Company (國網四川省電力公司)	1,010,071	1.78
Chengdu Pidu Transportation Bureau (成都市郫都區交通運輸局)	781,781	1.38
Sinopec Sales Company Limited (中國石化銷售股份有限公司)	467,457	0.82
Dujiangyan Transportation Bureau (都江堰市交通運輸局)	369,633	0.65
Total	55,999,266	98.63

### 4. Other receivables

	31 December 2023	31 December 2022
Dividend receivable	–	2,800,000
Interest receivable	14,038,076	10,504,622
Other receivables	63,218,436	39,461,432
Total	77,256,512	52,766,054

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 4. Other receivables (continued)

An ageing analysis of other receivables is set out below:

	31 December 2023	31 December 2022
Within 1 year (inclusive)	58,211,657	12,007,561
1 to 2 years (inclusive of 2 years)	1,086,089	25,793,185
2 to 3 years (inclusive of 3 years)	1,819,518	60,970
Over 3 years	4,190,282	4,768,003
	<b>65,307,546</b>	42,629,719
Less: Provision for bad debts of other receivables	2,089,110	3,168,287
Total	<b>63,218,436</b>	39,461,432

A breakdown of carrying amount of other receivables by nature is set out below:

	31 December 2023	31 December 2022
Forward traffic volume compensation <sup>(Note 1)</sup>	42,667,000	–
Amounts with related parties	6,831,368	2,707,637
Permanent land occupation compensation	3,002,610	–
Traffic volume compensation for operation suspension at a toll station	2,601,000	8,919,064
Deposits	2,398,386	2,398,386
Advance for construction	1,451,292	1,451,292
Trade amounts <sup>(Note 2)</sup>	581,181	24,290,111
Others	5,774,709	2,863,229
	<b>65,307,546</b>	42,629,719

*Note 1:* As at 31 December 2023, forward traffic volume compensation included in other receivables represented the forward traffic volume compensation receivable by the Group for the Chengguan Expressway Pidu East (five-ring interconnection) transformation project pursuant to the agreement entered into with Chengdu Xihui Investment Group Co., Ltd. (“Xihui Investment”).

*Note 2:* As at 31 December 2023 and 31 December 2022, trade amounts included in other receivables represented the amounts receivable by the Group as the agent from downstream customers in their trading activities of procuring diesel oil and asphalt for upper-stream suppliers, as well as the trading service fee.



# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 4. Other receivables (continued)

2023

	Book balance		Bad debt provision		Book value
	Amount	Proportion ratio (%)	Amount	Proportion ratio (%)	
Provision made on an individual basis	2,060,051	3.15	2,060,051	100.00	–
Provision made on a collective basis using portfolios with similar credit risk features	63,247,495	96.85	29,059	0.05	63,218,436
<b>Total</b>	<b>65,307,546</b>	<b>100.00</b>	<b>2,089,110</b>		<b>63,218,436</b>

2022

	Book balance		Bad debt provision		Book value
	Amount	Proportion ratio (%)	Amount	Proportion ratio (%)	
Provision made on an individual basis	2,065,541	4.85	2,065,541	100.00	–
Provision made on a collective basis using portfolios with similar credit risk features	40,564,178	95.15	1,102,746	2.72	39,461,432
<b>Total</b>	<b>42,629,719</b>	<b>100.00</b>	<b>3,168,287</b>		<b>39,461,432</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 4. Other receivables (continued)

Other receivables with provision made on an individual basis are set out below:

	2023				2022	
	Book balance	Bad debt provision	Provision ratio (%)	Reason for provision	Book balance	Bad debt provision
Chengdu Swan Industry Co., Ltd.	510,000	510,000	100.00	Uncollectible due to bankruptcy	510,000	510,000
Chengdu Zihao Decoration Engineering Co., Ltd.	344,101	344,101	100.00	Long age and not expected to be recoverable	344,101	344,101
Chengdu Yongye Construction Engineering Company	139,939	139,939	100.00	Long age and not expected to be recoverable	139,939	139,939
Chengdu Xinshiyu Industrial Co., Ltd.	100,000	100,000	100.00	Long age and not expected to be recoverable	100,000	100,000
Others	966,011	966,011	100.00	Long age and not expected to be recoverable	971,501	971,501
<b>Total</b>	<b>2,060,051</b>	<b>2,060,051</b>			<b>2,065,541</b>	<b>2,065,541</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 4. Other receivables (continued)

As at 31 December 2023, other receivables with provision made on a collective basis are set out below:

	Book balance	Provision for impairment	Proportion ratio (%)
Age group	581,181	29,059	5.00
Risk free group	62,666,314	–	–
Total	63,247,495	29,059	0.05

As at 31 December 2022, other receivables with provision made on a collective basis are set out below:

	Book balance	Provision for impairment	Proportion ratio (%)
Age group	24,290,111	1,102,746	4.54
Risk free group	16,274,067	–	–
Total	40,564,178	1,102,746	2.72

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 4. Other receivables (continued)

Movements in the respective bad debt provision recognised for the 12-month expected credit loss and the lifetime expected credit loss on other receivables are set out below:

#### 31 December 2023

	Stage I 12-month expected credit loss	Stage II Lifetime expected credit loss (not credit impaired)	Stage III Lifetime expected credit loss (credit impaired)	Subtotal
Opening balance	–	1,102,746	2,065,541	3,168,287
Written back during the year	–	(1,073,687)	(5,490)	(1,079,177)
Closing balance	–	29,059	2,060,051	2,089,110

#### 31 December 2022

	Stage I 12-month expected credit loss	Stage II Lifetime expected credit loss (not credit impaired)	Stage III Lifetime expected credit loss (credit impaired)	Subtotal
Opening balance	–	–	47,583,460	47,583,460
Provision during the year	–	1,102,746	283,990	1,386,736
Written back during the year	–	–	(45,750,912)	(45,750,912)
Written off during the year	–	–	(50,997)	(50,997)
Closing balance	–	1,102,746	2,065,541	3,168,287

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 4. Other receivables (continued)

Movements of bad debt provided for other receivables are set out below:

	Opening balance	Provision during the year	Reversed during the year	Written-off during the year	Closing balance
<b>2023</b>	<b>3,168,287</b>	<b>–</b>	<b>(1,079,177)</b>	<b>–</b>	<b>2,089,110</b>
2022	47,583,460	1,386,736	(45,750,912)	(50,997)	3,168,287

In particular, the significant amounts of bad debt provisions recovered or reversed in 2022 are as follows:

	Amount recovered or reversed	Reason for reverse	Recovery method	Basis and reasonableness of determining the proportion of the original provision for bad debts
Chengdu Petroleum Corporation ("Chengdu Petroleum")	45,750,912	The amount was recovered	Payment made by Yanchang Shell (Sichuan) Petroleum Co., Ltd. ("Yanchang Shell"), a minority shareholder of Communications Investment Energy	Judgement defaulter with significant increase in credit risk

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 4. Other receivables (continued)

Set out below are other receivables due from the top five debtors as at 31 December 2023:

	Closing balance	Proportion of the total balance of other receivables (%)	Nature	Ageing	Closing balance of bad debt provision
Xihui Investment	48,514,056	74.29	Forward traffic volume compensation, permanent land occupation compensation and compensation for operation suspension at a toll station	Within 1 year	–
Chengluo Petrol Station	1,956,091	3.00	Operational management service fees	Within 1 year	–
Publicity Department of Chengdu Municipal Committee of the Communist Party of China (中國共產黨成都市委員會宣傳部)	1,868,500	2.86	Billboard rental	Within 1 year	–
Chengdu Qingbaijiang District Planning and Natural Resources Bureau (成都市青白江區規劃和自 然資源局) (“Qingbaijiang Natural Resources Bureau”)	1,532,539	2.35	Deposit	Over 3 years	–
Xinhua Petrol Station (新華加油站)	1,532,384	2.35	Operation and management service fees	Within 1 year	–
<b>Total</b>	<b>55,403,570</b>	<b>84.85</b>			<b>–</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 4. Other receivables (continued)

Set out below are other receivables due from the top five debtors as at 31 December 2022:

	Closing balance	Proportion of the total balance of other receivables (%)	Nature	Ageing	Closing balance of bad debt provision
Guocheng Group Co., Ltd. (國誠集團有限公司) ("Guocheng Group")	20,317,404	47.66	Trading amounts	1 to 2 years	904,111
Xihui Investment	8,919,064	20.92	Traffic volume compensation for business suspension at a toll station	Within 1 year	–
CRCC Products Technology Co., Ltd. (中鐵建物產科技有限公司)	3,972,707	9.32	Trading amounts	1 to 2 years	198,635
Qingbaijiang Natural Resources Bureau	1,532,539	3.60	Deposits	Over 3 years	–
Sichuan Tianfu Airport Expressway Co., Ltd. (四川天府機場高速公路有限公司) ("Tianfu Airport Expressway")	1,451,292	3.40	Advance for construction	1 to 2 years	–
<b>Total</b>	<b>36,193,006</b>	<b>84.90</b>			<b>1,102,746</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 5. Inventories

	31 December 2023	31 December 2022
Finished goods	20,670,025	17,322,330
Less: Provision for impairment of inventories	-	-
Total	<b>20,670,025</b>	17,322,330

### 6. Other current assets

	31 December 2023	31 December 2022
Deductible input VAT	12,285,952	7,795,758
Listing commissions	8,134,270	5,115,698
Prepaid corporate income tax	484,966	887,850
Total	<b>20,905,188</b>	13,799,306



# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 7. Long-term equity investments

2023

	Opening balance	Movements during the year				Closing balance
		Additional investment	Investment income or loss under the equity method	Other equity changes	Cash dividend declared	
<b>Joint ventures</b>						
Sinopec Chengdu Energy Co., Ltd. ("Sinopec Energy")	15,245,351	-	808,012	507,161	(1,188,241)	15,372,283
Chengdu Battery Services-Communications Investment Energy Technology Co., Ltd. ("Battery Services-Communications Investment") <sup>(Note 1)</sup>	-	48,000,000	(420,326)	-	-	47,579,674
Subtotal	15,245,351	48,000,000	387,686	507,161	(1,188,241)	62,951,957
<b>Associates</b>						
Chengdu Chengbei Exit Expressway Co., Ltd. ("Chengbei Exit Expressway Company")	125,686,347	-	14,027,766	-	(15,843,537)	123,870,576
Zhongyou Jieneng (Chengdu) Environmental Protection Technology Co., Ltd. ("Zhongyou Jieneng") <sup>(Note 2)</sup>	48,762,351	14,506,600	(5,847,911)	771,770	-	58,192,810
Chengdu Tongneng Compressed Natural Gas Co., Ltd. ("Chengdu Tongneng")	135,862,292	-	10,556,108	-	-	146,418,400
Chengdu Communications Investment New Energy Industrial Development Co., Ltd. ("New Energy Company")	51,251,398	-	(2,720,885)	-	-	48,530,513
Chengdu Jiuhe Oil Management Co., Ltd. ("Chengdu Jiuhe")	5,084,794	-	47,488	-	-	5,132,282
Chengdu Jiaoyun Compressed Natural Gas Development Co., Ltd. ("Chengdu Jiaoyun CNG")	6,209,586	-	187,450	491,089	(411,395)	6,476,730
Chengdu Teld New Energy Co., Ltd. ("Teld")	65,042,798	-	5,944,271	-	-	70,987,069
Subtotal	437,899,566	14,506,600	22,194,287	1,262,859	(16,254,932)	459,608,380
Total	453,144,917	62,506,600	22,581,973	1,770,020	(17,443,173)	522,560,337

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 7. Long-term equity investments (continued)

2022

	Opening balance	Movements during the year				Closing balance
		Additional investment	Investment income or loss under the equity method	Other equity changes	Cash dividend declared	
<b>Joint venture</b>						
Sinopec Energy	14,909,799	-	1,320,268	111,551	(1,096,267)	15,245,351
<b>Associates</b>						
Chengbei Exit Expressway	127,666,400	-	17,568,910	-	(19,548,963)	125,686,347
Zhongyou Jieneng	51,268,797	-	(2,506,446)	-	-	48,762,351
Chengdu Tongneng	123,712,507	-	12,149,785	-	-	135,862,292
New Energy Company	59,020,440	-	(7,769,042)	-	-	51,251,398
Chengdu Jiuhe	4,893,570	-	191,224	-	-	5,084,794
Chengdu Jiaoyun CNG	6,422,578	-	457,106	-	(670,098)	6,209,586
Teld	-	60,979,131	4,063,667	-	-	65,042,798
Subtotal	372,984,292	60,979,131	24,155,204	-	(20,219,061)	437,899,566
Total	387,894,091	60,979,131	25,475,472	111,551	(21,315,328)	453,144,917

*Note 1:* On 20 June 2023, Energy Development Company and Times Battery Services Technology Co., Ltd. (時代電服科技有限公司) (“Times Battery Services”) jointly established Battery Services-Communications Investment, which is owned as to 52% and 48% by Times Battery Services and Energy Development Company, respectively. Pursuant to its articles of association, Battery Services-Communications Investment is jointly controlled by Energy Development Company and Times Battery Services, and therefore, Battery Services-Communications Investment is accounted for as a joint venture of the Group. Please refer to note VI.2 for details.

*Note 2:* In 2023, Energy Development Company, a subsidiary of the Group, made a capital increase to Zhongyou Jieneng, an associate, with a land located at Xiyuan Avenue, Gaoxin District with an appraised value of RMB14,506,600 and a carrying value of RMB6,084,438 (Note V.12), which resulted in a gain or loss on disposal of assets after deducting the taxation of RMB7,224,369, and at the consolidated level, this downstream transaction was set off against the unrealized portion based on the Group’s 47.49% equity interest in Zhongyou Jieneng.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 8. Other non-current financial assets

	31 December 2023	31 December 2022
Financial assets designated at fair value through profit or loss		
Shandong Huitong Financial Leasing Co., Ltd. (山東匯通金融租賃有限公司) (“Shandong Financial Leasing”)	<b>82,072,000</b>	74,390,000
Sichuan Intelligent	<b>3,750,000</b>	6,900,000
Total	<b>85,822,000</b>	81,290,000

As at 31 December 2023, the Group held 6.5% equity interests in Sichuan Intelligent, which represented strategic investment and was designated as financial assets at fair value through profit or loss by the management. In 2023, the Group recognised the dividend received from Sichuan Intelligent of RMB681,500 as investment income, and recognised fair value loss of RMB3,150,000 on the financial asset based on appraisal results (2022: RMB7,050,700).

As at 31 December 2023, the Group held 1.6% equity interests in Shandong Financial Leasing, proposed to hold such equity interest for a long period, and designates it as financial asset at fair value through profit or loss. In 2023, the Group recognised fair value gain of RMB7,682,000 on the financial asset based on the appraisal results (2022: RMB4,390,000).

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 9. Fixed assets

2023

	Buildings	Security facilities	Supervising equipment and others	Petrol and gas station facilities	Toll collection facilities	Motor vehicles	Total
Cost							
Opening balance	124,054,285	230,241,284	195,110,363	39,183,972	268,296,250	35,424,998	892,311,152
Purchase	-	-	1,732,840	-	415,800	2,725,711	4,874,351
Transferred from construction in progress	138,397,063	-	6,837	12,245,159	-	-	150,649,059
Disposal or scrap	-	-	(13,788)	-	-	(1,488,441)	(1,502,229)
Other changes <sup>(Note)</sup>	-	(13,306,872)	8,546,430	-	(398,661)	-	(5,159,103)
Closing balance	262,451,348	216,934,412	205,382,682	51,429,131	268,313,389	36,662,268	1,041,173,230
Accumulated depreciation							
Opening balance	47,566,205	180,792,655	107,902,433	14,240,416	202,009,690	17,937,802	570,449,201
Provision	6,074,874	10,981,138	15,201,114	5,330,116	13,731,809	2,610,071	53,929,122
Disposal or scrap	-	-	(13,264)	-	-	(1,414,018)	(1,427,282)
Closing balance	53,641,079	191,773,793	123,090,283	19,570,532	215,741,499	19,133,855	622,951,041
Carrying amount							
At the end of the year	208,810,269	25,160,619	82,292,399	31,858,599	52,571,890	17,528,413	418,222,189
At the beginning of the year	76,488,080	49,448,629	87,207,930	24,943,556	66,286,560	17,487,196	321,861,951

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 9. Fixed assets (continued)

2022

	Buildings	Security facilities	Supervising equipment and others	Petrol and gas station facilities	Toll collection facilities	Motor vehicles	Total
Cost							
Opening balance	122,643,368	230,241,284	186,017,358	32,681,576	270,196,113	33,542,381	875,322,080
Purchase	-	-	874,686	87,434	3,634,535	7,474,841	12,071,496
Transferred from construction in progress	1,410,917	-	9,134,300	6,414,962	-	-	16,960,179
Disposal or scrap	-	-	(915,981)	-	-	(5,592,224)	(6,508,205)
Other decrease	-	-	-	-	(5,534,398)	-	(5,534,398)
Closing balance	124,054,285	230,241,284	195,110,363	39,183,972	268,296,250	35,424,998	892,311,152
Accumulated depreciation							
Opening balance	40,041,492	171,039,072	94,881,243	7,654,736	190,036,588	21,104,238	524,757,369
Provision	7,524,713	9,753,583	13,926,203	6,585,680	14,543,678	2,153,718	54,487,575
Disposal or scrap	-	-	(905,013)	-	-	(5,320,154)	(6,225,167)
Other decrease	-	-	-	-	(2,570,576)	-	(2,570,576)
Closing balance	47,566,205	180,792,655	107,902,433	14,240,416	202,009,690	17,937,802	570,449,201
Carrying amount							
At the end of the year	76,488,080	49,448,629	87,207,930	24,943,556	66,286,560	17,487,196	321,861,951
At the beginning of the year	82,601,876	59,202,212	91,136,115	25,026,840	80,159,525	12,438,143	350,564,711

*Note:* Mainly represented the reduction of the original value of fixed assets and the original value of intangible assets by RMB4,754,378 and RMB150,903,349, respectively, based on the settlement audit report due to the completion of settlement audit of the Group's completed bidding section of the Chengpeng Expressway expansion and renovation project.

As the Group is in the process of applying for title certificates, fixed assets with a carrying amount of RMB145,721,139 (31 December 2022: RMB16,390,983) were without certificates as at 31 December 2023.

As at 31 December 2023, the Group had fixed assets with a carrying amount of RMB28,895,030 (31 December 2022: RMB7,560,631) under operating lease.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 9. Fixed assets (continued)

Set out below are temporarily unused fixed assets:

#### 31 December 2023

	Cost	Accumulated depreciation	Impairment provision	Carrying amount
Buildings	11,981,849	3,375,904	–	8,605,945
Refueling facilities	11,951,914	4,281,881	–	7,670,033
Monitoring facilities and others	1,379,217	1,049,185	–	330,032
<b>Total</b>	<b>25,312,980</b>	<b>8,706,970</b>	<b>–</b>	<b>16,606,010</b>

#### 31 December 2022

	Cost	Accumulated depreciation	Impairment provision	Carrying amount
Buildings	12,763,090	2,597,337	–	10,165,753
Refueling facilities	11,855,722	3,896,241	–	7,959,481
Monitoring facilities and others	134,414	16,825	–	117,589
<b>Total</b>	<b>24,753,226</b>	<b>6,510,403</b>	<b>–</b>	<b>18,242,823</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 10. Construction in progress

	31 December 2023	31 December 2022
Tong Wang Gas Station	9,122,546	8,402,771
Gao Jia Gas Station	7,899,419	7,899,419
He Lin Petrol Station <sup>(Note)</sup>	1,131,463	1,131,463
2nd Ring Road East 4 Section Complex	1,078,028	710,340
Ande Service Area Construction Project (Phase I)	–	64,608,771
Chengguan Expressway Gaoxinxi Service Area Project	–	19,724,787
Others	1,101,791	791,472
Less: Impairment provision on construction in progress	1,131,463	1,131,463
Total	19,201,784	102,137,560

Note: Construction of He Lin Petrol Station cannot proceed due to complaints from local residents, and therefore the management provided impairment allowance in full for the project at an amount of RMB1,131,463 in 2018.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 10. Construction in progress (continued)

Movements in major construction in progress in 2023 are as follows:

	Budget	Opening balance	Increase during the year	Transferred to fixed assets during the year	Closing balance	Source of funds	Proportion of construction investment in budget (%)
Ande Service Area Construction Project (Phase I)	129,681,714	64,608,771	46,797,964	(111,406,735)	-	Self-owned funds/Loan from financial institutions	85.91
Gao Jia Gas Station	8,000,000	7,899,419	-	-	7,899,419	Self-owned funds	98.74
Tong Wang Gas Station	10,148,800	8,402,771	719,775	-	9,122,546	Self-owned funds	89.89
Chengguan Expressway Gaoxinxi Service Area Project	58,150,000	19,724,787	14,922,565	(34,647,352)	-	Self-owned funds	59.58
Oil and Gas Recovery Project	2,149,400	-	1,691,379	(1,691,379)	-	Self-owned funds	78.69
2nd Ring Road East 4 Section Complex	60,200,000	710,340	367,688	-	1,078,028	Self-owned funds	1.79
<b>Total</b>		<b>101,346,088</b>	<b>64,499,371</b>	<b>(147,745,466)</b>	<b>18,099,993</b>		



# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 10. Construction in progress (continued)

Movements in major construction in progress in 2022 are as follows:

	Budget	Opening balance	Increase during the year	Transferred to fixed assets during the year	Closing balance	Source of funds	Proportion of construction investment in budget (%)
Ande Service Area Construction Project (Phase I)	129,681,714	8,030,378	56,578,393	-	64,608,771	Self-owned funds	49.82
Gao Jia Gas Station	8,000,000	7,861,113	38,306	-	7,899,419	Self-owned funds	98.74
Tong Wang Gas Station	10,148,800	7,087,744	1,315,027	-	8,402,771	Self-owned funds	82.80
Chengguan Expressway Gaoxinxi Service Area Project	58,150,000	464,180	19,260,607	-	19,724,787	Self-owned funds	33.92
Safe and Intelligent Expressway Project	8,881,007	27,557	8,853,450	(8,881,007)	-	Self-owned funds	100.00
Modihe River Inner Side Petrol Station Safety Hazards Rectification	2,603,454	-	2,066,843	(2,066,843)	-	Self-owned funds	79.39
Procurement and installation of oil and gas recycling online supervision equipment	5,100,000	-	3,837,851	(3,837,851)	-	Self-owned funds	75.25
<b>Total</b>		<b>23,470,972</b>	<b>91,950,477</b>	<b>(14,785,701)</b>	<b>100,635,748</b>		

Capitalization of interest on construction in progress in 2023:

	Construction progress	Accumulated amount of interest capitalized	Including: Interest capitalized during the year	Interest capitalization rate for the year (%)
Ande Service Area Construction Project (Phase I)	<b>100.00%</b>	<b>1,102,750</b>	<b>1,102,750</b>	<b>3.08%</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 11. Right-of-use assets

2023

	Buildings	Land use right leased in	Total
Cost			
Opening balance	21,064,332	39,644,206	60,708,538
Increase	–	10,673,391	10,673,391
Lease alteration	16,928,272	–	16,928,272
Closing balance	37,992,604	50,317,597	88,310,201
Accumulated amortization			
Opening balance	14,024,290	11,558,404	25,582,694
Provision	5,781,424	3,302,158	9,083,582
Closing balance	19,805,714	14,860,562	34,666,276
Carrying amount			
At the end of the year	18,186,890	35,457,035	53,643,925
At the beginning of the year	7,040,042	28,085,802	35,125,844

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 11. Right-of-use assets (continued)

2022

	Buildings	Land use right leased in	Total
Cost			
Opening balance	25,641,860	38,226,378	63,868,238
Increase	77,495	–	77,495
Lease alteration	(4,655,023)	1,417,828	(3,237,195)
Closing balance	21,064,332	39,644,206	60,708,538
Accumulated amortization			
Opening balance	9,622,541	8,575,278	18,197,819
Provision	6,020,947	2,983,126	9,004,073
Lease alteration	(1,619,198)	–	(1,619,198)
Closing balance	14,024,290	11,558,404	25,582,694
Carrying amount			
At the end of the year	7,040,042	28,085,802	35,125,844
At the beginning of the year	16,019,319	29,651,100	45,670,419

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 12. Intangible assets

2023

	Land use right	Service concession rights	Software	Total
Cost				
Opening balance	635,450,646	7,464,570,403	5,781,959	8,105,803,008
Acquisition	–	–	217,846	217,846
Investment and construction (Note 1)	–	12,058,159	–	12,058,159
Other decrease (Note 2)	(7,890,521)	(150,903,349)	–	(158,793,870)
Closing balance	627,560,125	7,325,725,213	5,999,805	7,959,285,143
Accumulated amortization				
Opening balance	79,182,901	2,206,198,991	4,137,942	2,289,519,834
Provision	20,211,430	303,315,530	795,464	324,322,424
Other decrease (Note 2)	(1,806,083)	–	–	(1,806,083)
Closing balance	97,588,248	2,509,514,521	4,933,406	2,612,036,175
Carrying amount				
At the end of the year	529,971,877	4,816,210,692	1,066,399	5,347,248,968
At the beginning of the year	556,267,745	5,258,371,412	1,644,017	5,816,283,174

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 12. Intangible assets (continued)

2022

	Land use right	Service concession rights	Software	Total
<b>Cost</b>				
Opening balance	613,831,704	7,465,471,386	5,622,189	8,084,925,279
Acquisition	13,737,727	–	159,770	13,897,497
Reversal of other non-current assets	7,881,215	–	–	7,881,215
Other decrease	–	(900,983)	–	(900,983)
<b>Closing balance</b>	<b>635,450,646</b>	<b>7,464,570,403</b>	<b>5,781,959</b>	<b>8,105,803,008</b>
<b>Accumulated amortization</b>				
Opening balance	59,571,462	1,966,141,410	3,447,161	2,029,160,033
Provision	17,805,356	240,057,581	690,781	258,553,718
Reversal of other non-current assets	1,806,083	–	–	1,806,083
<b>Closing balance</b>	<b>79,182,901</b>	<b>2,206,198,991</b>	<b>4,137,942</b>	<b>2,289,519,834</b>
<b>Carrying amount</b>				
At the end of the year	556,267,745	5,258,371,412	1,644,017	5,816,283,174
At the beginning of the year	554,260,242	5,499,329,976	2,175,028	6,055,765,246

*Note 1:* In March 2023, the General Office of the People's Government of Sichuan Province issued the Reply on Matters Concerning the Expansion Project of Chengdu-Wenjiang-Qionglai Expressway (Chuan Ban Han [2023] No. 16), pursuant to which, it in principle approves the construction of the Chengwenqiong Expressway expansion project in the "Build-Operate-Transfer" (BOT) model, and the Company will act as the investor, and Chengwenqiong Expressway Company will act as the project owner for its financing and construction work. The primarily target of the project is to expand Chengwenqiong Expressway along its original route based on the two-way 8-lane standard. The Group recognized intangible assets based on the progress of performance up to 31 December 2023 for the expansion project. Amortization has not yet commenced as the project is under construction.

*Note 2:* In 2023, Energy Development Company, a subsidiary of the Group, injected capital in Zhongyou Jieneng, an associate, with a land, and the Group's land use right was transferred out with a decrease in the original value of RMB7,890,521 and a transfer of accumulated depreciation of RMB1,806,083. For details, see Note V.7.

In 2023, other reductions in the Group's concession rights represented adjustments based on the completion settlement audit amount of the Chengpeng Expressway expansion and renovation project, as detailed in Note V.9.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 12. Intangible assets (continued)

As at 31 December 2023, the Group's ownership of intangible assets with a carrying amount of RMB3,992,942,584 (31 December 2022: RMB4,350,252,380) was restricted. Please refer to Note V. 17.

As at 31 December 2023, there were no land parcels without title certificates (31 December 2022: Nil).

In 2023, amortisation of the Group's land use rights of RMB1,553,078 was included in construction in progress (2022: RMB2,467,030).

### 13. Goodwill

	31 December 2023	31 December 2022
Original value of goodwill	<b>92,229,273</b>	92,229,273
Less: Provision for impairment of goodwill	<b>(16,578,653)</b>	(16,578,653)
Total	<b>75,650,620</b>	75,650,620

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 13. Goodwill (continued)

Movements in the provision for impairment of goodwill are as follows:

#### 2023

	Opening balance	Provision during the year	Decrease during the year	Closing balance
Goodwill of Chengming Expressway Company	16,578,653	–	–	16,578,653

#### 2022

	Opening balance	Provision during the year	Decrease during the year	Closing balance
Goodwill of Chengming Expressway Company	–	16,578,653	–	16,578,653

The Group acquired the 51% equity interests in Chengming Expressway Company from Chengdu Expressway Construction, its parent company in December 2019, which formed goodwill of RMB92,229,273.

Goodwill arising from business combination has been allocated to the Chengming Expressway Company asset group for impairment test.

The recoverable amount of the Chengming Expressway Company asset group is determined based on the higher of the fair value of the asset group, net of disposal costs, and the present value of its expected future cash flows. The present value of the expected future cash flows of the asset group is determined based on cash flow projections over the service concession period approved by the management. As at 31 December 2023, the discount rate applicable to cash flow projection was 8.56% (31 December 2022: 8.81%).

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 13. Goodwill (continued)

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- Toll rate – The estimated toll rate of each type of vehicles was approved by the Department of Transportation of Sichuan Province and Sichuan Provincial Development and Reform Commission.
- Traffic volume – The traffic volume forecast was issued by an independent professional traffic study institution.
- Discount rate – The discount rate used is pre-tax and reflects specific risks relating to Chengming Expressway Company.

The values assigned to the key assumptions of the above asset group are consistent with the Group's historical experience and external information sources.

### 14. Long-term prepaid expenses

#### 2023

	Opening balance	Increase during the year	Amortisation during the year	Closing balance
Improvement of right-of-use assets	1,939,590	332,089	(897,968)	1,373,711
Others	389,970	109,864	(148,543)	351,291
<b>Total</b>	<b>2,329,560</b>	<b>441,953</b>	<b>(1,046,511)</b>	<b>1,725,002</b>

#### 2022

	Opening balance	Increase during the year	Amortisation during the year	Closing balance
Improvement of right-of-use assets	–	2,570,858	(631,268)	1,939,590
Others	452,765	69,000	(131,795)	389,970
<b>Total</b>	<b>452,765</b>	<b>2,639,858</b>	<b>(763,063)</b>	<b>2,329,560</b>



# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 15. Deferred tax assets/liabilities

Set out below are deferred tax assets and deferred tax liabilities before elimination:

	31 December 2023		31 December 2022	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred tax assets				
Permanent lane occupation compensation	101,385,196	16,321,969	54,743,307	9,286,928
Rental advance of petrol stations and service areas	48,523,029	9,849,840	51,781,483	10,338,608
Accounting and tax differences in amortisation of intangible assets	80,823,454	12,800,952	110,605,113	17,289,610
Impairment of fixed assets	7,116,108	1,779,027	7,693,924	1,923,481
Impairment allowance of accounts receivable and other receivables	2,538,783	424,520	5,197,551	932,029
Impairment allowance of construction in progress	1,131,463	282,866	1,131,463	282,866
Unpaid related party interest	41,990,262	6,298,539	39,814,101	5,972,115
New lease standard	61,298,256	12,716,787	35,726,853	6,494,475
Fair value gains	173,077	25,962	2,660,700	399,105
Gains from unrealised intra-group transactions	11,150,644	2,787,661	11,501,594	2,875,399
Accounting and tax differences in depreciation of fixed assets	12,761,360	3,190,340	12,760,680	3,190,170
Provisions	7,756,746	1,163,512	–	–
Deductible losses	141,005,073	21,734,934	175,663,564	26,349,535
<b>Total</b>	<b>517,653,451</b>	<b>89,376,909</b>	<b>509,280,333</b>	<b>85,334,321</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 15. Deferred tax assets/liabilities (continued)

Set out below are deferred tax assets and deferred tax liabilities before elimination: (continued)

	31 December 2023		31 December 2022	
	Deductible temporary differences	Deferred tax liabilities	Deductible temporary differences	Deferred tax liabilities
Deferred tax liabilities				
Fair value adjustment on land swap	20,897,759	5,224,440	22,081,215	5,520,304
Amortisation of service concession rights	696,827,876	114,537,602	676,655,965	111,051,010
Fair value adjustment on acquisition of subsidiaries	544,016,426	120,391,532	566,027,296	124,996,407
Fair value gains	2,044,377	306,657	–	–
New lease standard	61,305,529	12,719,152	36,134,923	6,578,764
<b>Total</b>	<b>1,325,091,967</b>	<b>253,179,383</b>	1,300,899,399	248,146,485

Deferred tax assets and deferred tax liabilities are stated in net terms after elimination:

	2023		2022	
	Amount eliminated	Balance after elimination	Amount eliminated	Balance after elimination
Deferred tax assets	57,807,604	31,569,305	56,857,343	28,476,978
Deferred tax liabilities	57,807,604	195,371,779	56,857,343	191,289,142

Given that certain subsidiaries of the Group are in a loss-making condition, there remains significant uncertainty as to whether there will be adequate taxable income available against such deductible losses in future periods. As at 31 December 2023 and 31 December 2022, deductible losses in respect of the unrecognised deferred tax assets of such subsidiaries are set below:

	31 December 2023	31 December 2022
Deductible losses	113,294,757	90,374,572

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 15. Deferred tax assets/liabilities (continued)

Deductible losses of unrecognised deferred tax assets will expire in the following years:

	31 December 2023	31 December 2022
2023	–	34,792,245
2024	<b>13,066,273</b>	13,599,808
2025	<b>54,059,745</b>	7,842,228
2026	<b>15,319,543</b>	19,630,992
2027	<b>14,470,313</b>	14,509,299
2028	<b>16,378,883</b>	–
<b>Total</b>	<b>113,294,757</b>	<b>90,374,572</b>

The management of the Group considered that for deferred tax assets against which deductible losses have been recognised, sufficient taxable income will be available due to the reversal of differences from amortisation of service concession rights and future profits before such deductible losses expire.

### 16. Other non-current assets

	Notes	31 December 2023	31 December 2022
Prepaid land premiums		<b>16,220,103</b>	15,000,398
Performance guarantee deposits	1	<b>10,000,000</b>	–
Prepayment for construction work		<b>378,040</b>	–
<b>Total</b>		<b>26,598,143</b>	<b>15,000,398</b>

*Note 1:* On 30 December 2022, the Group renewed the operation business of Tianfu Airport Expressway and Pujiang-Dujiangyan Section of Chengdu Economic Zone Ring Expressway (“Pudu Expressway”) for a term until 31 December 2027. As required under the relevant contracts, in January 2023, the Group issued performance guarantees to Tianfu Airport Expressway and Pudu Expressway through China Merchants Bank Co., Ltd. Chengdu Sub-branch in a total amount of RMB10,000,000 with a valid period until 12 January 2028, which were included in other non-current assets.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 17. Assets with restricted ownership or use right

	Book Balance/ carrying value	Type of restriction	Detail of Restriction
Intangible assets – concession rights			
Chengpeng Expressway	909,545,373	Pledge	Pledge of bank borrowings
Chengwenqiong Expressway	903,427,709	Pledge	Pledge of bank borrowings
Qiongming Expressway	2,179,969,502	Pledge	Pledge of bank borrowings
Other non-current assets – performance guarantee deposits	10,000,000	Freeze	Freezing of funds
<b>Total</b>	<b>4,002,942,584</b>		

The amortization of intangible assets-concession rights used as collateral amounted to RMB218,464,606 (2022: RMB175,638,475) during the year.

The performance guarantees issued by the Group to Tianfu Airport Expressway and Pudu Expressway are presented as other non-current assets based on the maturity of the guarantees of more than one year, details of which are set out in Note V.16.

### 18. Accounts payable

Accounts payable do not bear interest. An ageing analysis of accounts payable by their invoice date is set out below:

	31 December 2023	31 December 2022
Within 1 year	55,275,833	55,651,274
Over 1 year	466,399,806	655,146,482
<b>Total</b>	<b>521,675,639</b>	<b>710,797,756</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 18. Accounts payable (continued)

Material accounts payable aged over 1 year or overdue as at 31 December 2023 are set out below:

	Amount payable	Reason for failure to repay
Sichuan High-way and Bridge Construction Group Co., Ltd. (四川公路橋樑建設集團有限公司)	73,182,719	Expressway construction payment yet to be settled
CCCC First High-way Engineering Group Co., Ltd. (中交一公局集團有限公司) (previously known as CCCC First High-way Engineering Bureau Co., Ltd. (中交第一公路工程局有限公司))	72,510,902	Expressway construction payment yet to be settled
Sichuan Ruitong Engineering Construction Group Co., Ltd. (四川瑞通工程建設集團有限公司)	17,507,597	Expressway construction payment yet to be settled
Chengdu Xiangyuan Water Supply Co., Ltd. (成都市香源供水有限責任公司)	13,350,840	Expressway construction payment yet to be settled
Chengdu Road and Bridge Engineering Co., Ltd. (成都市路橋工程股份有限公司)	11,731,350	Expressway construction payment yet to be settled
Dujiangyan State-owned Assets Investment and Operation Company (都江堰市國有資產投資經營公司)	6,300,000	Expressway construction payment yet to be settled
Sichuan Shudian Corporation (四川蜀電集團有限公司) ("Shudian Corporation")	5,843,950	Expressway construction payment yet to be settled
<b>Total</b>	<b>200,427,358</b>	

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 18. Accounts payable (continued)

Material accounts payable aged over 1 year or overdue as at 31 December 2022 are set out below:

	Amount payable	Reason for failure to repay
Sichuan High-way and Bridge Construction Group Co., Ltd. (四川公路橋樑建設集團有限公司)	73,182,719	Expressway construction payment yet to be settled
CCCC First High-way Engineering Group Co., Ltd. (中交一公局集團有限公司) (previously known as CCCC First High-way Engineering Bureau Co., Ltd. (中交第一公路工程局有限公司))	62,242,790	Expressway construction payment yet to be settled
Chengdu Road and Bridge Engineering Co., Ltd. (成都市路橋工程股份有限公司)	30,265,602	Expressway construction payment yet to be settled
Sichuan Ruitong Engineering Construction Group Co., Ltd. (四川瑞通工程建設集團有限公司)	16,932,591	Expressway construction payment yet to be settled
Chengdu Xiangyuan Water Supply Co., Ltd. (成都市香源供水有限責任公司)	13,350,840	Expressway construction payment yet to be settled
Fujian Tenghui Environmental Construction Group Co., Ltd. (福建騰輝環境建設集團有限公司)	7,214,913	Expressway construction payment yet to be settled
Sichuan Road and Bridge Engineering Co., Ltd. (四川路橋橋樑工程有限責任公司)	6,938,903	Expressway construction payment yet to be settled
Sichuan Qingyu Traffic Technology Co., Ltd. (四川晴宇交通科技有限公司)	5,118,604	Expressway construction payment yet to be settled
<b>Total</b>	<b>215,246,962</b>	

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 19. Receipts in advance

	31 December 2023	31 December 2022
Rental advance	1,348,951	2,303,988
Advanced land occupation compensations	–	651,812
Total	<b>1,348,951</b>	2,955,800

### 20. Contract liabilities

	31 December 2023	31 December 2022
Advanced refilling payment	4,526,002	4,345,566
Income from promissory notes	2,016,513	2,088,656
Advanced batch payment	1,125,095	14,654,041
Advanced service fee	617,416	1,539,109
Total	<b>8,285,026</b>	22,627,372

Contract liabilities represent advance received from customers before the Group fulfills its performance obligations. Revenue from such contracts will be recognised when the Group fulfills its performance obligations. Generally, after receiving advance from customers, the Group will fulfill its performance obligations and recognise such amounts as revenue within one year.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 21. Employee benefits payable

2023

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Short-term benefits	31,803,009	316,406,405	(308,325,105)	39,884,309
Post-employment benefits (defined contribution plan)	–	52,205,889	(52,205,784)	105
<b>Total</b>	<b>31,803,009</b>	<b>368,612,294</b>	<b>(360,530,889)</b>	<b>39,884,414</b>

2022

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Short-term benefits	48,554,560	299,984,282	(316,735,833)	31,803,009
Post-employment benefits (defined contribution plan)	–	48,958,373	(48,958,373)	–
Termination benefits	73,443	105,121	(178,564)	–
<b>Total</b>	<b>48,628,003</b>	<b>349,047,776</b>	<b>(365,872,770)</b>	<b>31,803,009</b>



# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 21. Employee benefits payable (continued)

Short-term benefits are as follows:

#### 2023

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Wages and salaries, bonuses, allowances and subsidies	28,908,131	229,586,973	(222,277,429)	36,217,675
Employee welfare	35,052	32,364,682	(31,996,401)	403,333
Social insurance expense	–	19,089,195	(19,088,507)	688
Including: Medical insurance expense	–	18,235,355	(18,234,740)	615
Work-related injury insurance expense	–	853,840	(853,767)	73
Housing provident fund	–	28,627,944	(28,624,128)	3,816
Labour union funds and employee education funds	2,859,826	5,985,828	(5,620,763)	3,224,891
Other short-term benefits	–	751,783	(717,877)	33,906
<b>Total</b>	<b>31,803,009</b>	<b>316,406,405</b>	<b>(308,325,105)</b>	<b>39,884,309</b>

#### 2022

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Wages and salaries, bonuses, allowances and subsidies	45,760,626	219,212,276	(236,064,771)	28,908,131
Employee welfare	–	29,266,936	(29,231,884)	35,052
Social insurance expense	–	18,864,390	(18,864,390)	–
Including: Medical insurance expense	–	18,182,680	(18,182,680)	–
Work-related injury insurance expense	–	681,710	(681,710)	–
Housing provident fund	–	25,808,287	(25,808,287)	–
Labour union funds and employee education funds	2,793,934	5,633,715	(5,567,823)	2,859,826
Other short-term benefits	–	307,727	(307,727)	–
Labour protection expenses	–	890,951	(890,951)	–
<b>Total</b>	<b>48,554,560</b>	<b>299,984,282</b>	<b>(316,735,833)</b>	<b>31,803,009</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 21. Employee benefits payable (continued)

Defined contribution plan is as follows:

#### 2023

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Basic pension insurance expense	–	35,181,093	(35,179,907)	1,186
Unemployment insurance expense	–	1,316,937	(1,316,893)	44
Enterprise annuity expense	–	15,707,859	(15,708,984)	(1,125)
<b>Total</b>	<b>–</b>	<b>52,205,889</b>	<b>(52,205,784)</b>	<b>105</b>

#### 2022

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Basic pension insurance expense	–	35,261,657	(35,261,657)	–
Unemployment insurance expense	–	1,317,368	(1,317,368)	–
Enterprise annuity expense	–	12,379,348	(12,379,348)	–
<b>Total</b>	<b>–</b>	<b>48,958,373</b>	<b>(48,958,373)</b>	<b>–</b>

The Group provides and contributes to the defined contribution plan subject to a certain percentage of the wages and salaries of employees according to local policies and regulations.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 22. Taxes and surcharges payable

	31 December 2023	31 December 2022
Corporate income tax	43,195,412	30,904,171
VAT	12,176,075	6,196,747
City maintenance and construction tax	741,580	509,665
Individual income tax	522,635	433,749
Educational surcharge	389,263	209,969
Local educational surcharge	144,852	126,972
Others	294,402	50,666
<b>Total</b>	<b>57,464,219</b>	<b>38,431,939</b>

### 23. Other payables

	31 December 2023	31 December 2022
Dividend payable	–	9,064,631
Interest payable	3,113,188	3,411,147
Other payables	216,208,348	128,227,645
<b>Total</b>	<b>219,321,536</b>	<b>140,703,423</b>

#### *Interest payable*

	31 December 2023	31 December 2022
Interest on long-term borrowings	3,113,188	3,411,147

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 23. Other payables (continued)

#### Dividend payable

	<b>31 December 2023</b>	31 December 2022
Yanchang Shell	–	9,064,631

#### Other payables

	<b>31 December 2023</b>	31 December 2022
Transactions with related parties	<b>99,883,999</b>	6,514,927
Construction payments	<b>38,878,121</b>	61,858,573
Deposit and security	<b>27,795,275</b>	24,679,745
Advance payment	<b>16,573,248</b>	16,573,248
Clearing settlement	<b>6,366,801</b>	6,289,847
Intermediary service fee	<b>3,882,026</b>	4,263,626
Convenience store goods procurement expense	<b>992,726</b>	719,048
Others	<b>21,836,152</b>	7,328,631
<b>Total</b>	<b>216,208,348</b>	128,227,645

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 23. Other payables (continued)

#### Dividend payable (continued)

Material other payables aged over 1 year or overdue as at 31 December 2023 are set out below:

	Amount payable	Reason for failure to repay
Chengdu Transportation Bureau of Sichuan Province (四川省成都市交通運輸局)	9,740,000	Advanced construction payment yet to be settled
Sichuan Xuyang Petrification Trading Co., Ltd. (四川省旭陽石化貿易有限公司)	6,833,248	Advance payment to obtain land certificate, refund in negotiation
Total	16,573,248	

Material other payables aged over 1 year or overdue as at 31 December 2022 are set out below:

	Amount payable	Reason for failure to repay
Chengdu Transportation Bureau of Sichuan Province (四川省成都市交通運輸局)	9,740,000	Advanced construction payment yet to be settled
Sichuan Xuyang Petrification Trading Co., Ltd. (四川省旭陽石化貿易有限公司)	6,833,248	Advance payment to obtain land certificate, refund in negotiation
Total	16,573,248	

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 24. Non-current liabilities due within one year

	31 December 2023	31 December 2022
Long-term borrowings due within one year (Note V.26)	218,000,000	199,400,000
Lane occupation compensation due within one year	10,155,070	9,413,733
Lease liabilities due within one year (Note V.28)	8,928,292	8,127,249
Forward traffic volume compensation due within one year	7,165,578	–
Interest of debentures payable within one year (Note V.27)	3,945,206	–
<b>Total</b>	<b>248,194,146</b>	<b>216,940,982</b>

### 25. Other current liabilities

	31 December 2023	31 December 2022
Principal of debentures payable	–	300,000,000
Interest of debentures payable	–	4,188,082
Tax pending for written off	507,660	459,878
<b>Total</b>	<b>507,660</b>	<b>304,647,960</b>

On 27 May 2022, the Company issued ultra-short-term debentures with a nominal value of RMB100 and a term of 270 days through National Association of Financial Market Institutional Investors. The debentures shall accrue interest commencing from 31 May 2022 and pay interest on 25 February 2023. The debentures were issued in an aggregate amount of RMB300,000,000 and at a coupon rate of 2.37% with principal and interest to be repaid in one lump sum upon maturity. Chengdu Communications Investment Group Co., Ltd. (成都交通投資集團有限公司) (“Chengdu Communications Investment”), an indirect controlling Shareholder of the Company, provided irrevocable joint liability guarantees with full amount for the debentures at nil consideration. On 25 February 2023, all the principal and interest accrued thereon were repaid in full by the Company.

On 17 February 2023, the Company issued ultra-short-term debentures with a nominal value of RMB100 and a term of 180 days through National Association of Financial Market Institutional Investors. The debentures shall accrue interest commencing from 21 February 2023 and pay interest on 20 August 2023. The debentures were issued in an aggregate amount of RMB300,000,000 and at a coupon rate of 2.80% with principal and interest to be repaid in one lump sum upon maturity. Chengdu Communications Investment provided irrevocable joint liability guarantees with full amount for the debentures at nil consideration. On 20 August 2023, all the principal and interest accrued thereon were repaid in full by the Company.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 26. Long-term borrowings

	<i>Note</i>	<b>31 December 2023</b>	31 December 2022
Pledged borrowings	1	<b>2,103,000,000</b>	2,195,400,000
Unsecured borrowings		<b>208,781,765</b>	216,000,000
Guaranteed borrowings	2	<b>82,000,000</b>	117,000,000
		<b>2,393,781,765</b>	2,528,400,000
Less: Long-term borrowings due within one year (Note V.24)		<b>218,000,000</b>	199,400,000
<b>Total</b>		<b>2,175,781,765</b>	2,329,000,000

An analysis of long-term borrowings based on maturity dates is as follows:

	<b>31 December 2023</b>	31 December 2022
Due within 1 year (inclusive)	<b>218,000,000</b>	199,400,000
Due within 2 years (inclusive of 2 years)	<b>299,000,000</b>	197,000,000
Due within 3 to 5 years (inclusive of 3 and 5 years)	<b>559,000,000</b>	703,000,000
Over 5 years	<b>1,317,781,765</b>	1,429,000,000
<b>Total</b>	<b>2,393,781,765</b>	2,528,400,000

As at 31 December 2023, the above long-term borrowings carried an annual interest rate ranging from 3.08% to 4.06% (31 December 2022: 3.46% to 4.21%).

*Note 1:* The pledged borrowings are pledged by expressway toll collection right as detailed in Note V.17, of which bank borrowing balance of RMB1,580,000,000 (31 December 2022: RMB1,642,400,000) was guaranteed by Chengdu Communications Investment as at 31 December 2023.

*Note 2:* As at 31 December 2023, balance of borrowings of RMB82,000,000 (31 December 2022: RMB117,000,000) was guaranteed by Chengwenqiong Expressway Company and the Company.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 27. Debentures payable

	31 December 2023	31 December 2022
Debentures payable	<b>303,945,206</b>	–
Less: Interest on debentures payable due within one year (note V.24)	<b>3,945,206</b>	–
<b>Total</b>	<b>300,000,000</b>	–

As at 31 December 2023, the balance of debentures payable is as follows:

	Nominal value	Coupon rate (%)	Date of issuance	Term	Issuance size	Opening balance	Issued during the year	Interest accrued at nominal value	Amortization of discount and premium	Repaid during the year	Closing balance	Whether or not in default
Medium term notes	300,000,000	3.00	2023/7/21-2023/7/24	3 years	300,000,000	–	300,000,000	3,945,206	–	–	303,945,206	No

In July 2023, the Company issued medium term notes of RMB300 million through the China Interbank Bond Market at an interest rate of 3% for a term of 3 years. The notes shall accrue interest commencing from 25 July 2023 and pay interest on 25 July 2026, with interest payable annually. Chengdu Communications Investment provided irrevocable joint liability guarantees with full amount for the debentures at nil consideration. As at 31 December 2023, the Company reclassified the interest on the above medium term notes that will be due within one year to non-current liabilities due within one year. For details, please see Note V.24.



# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 28. Lease liabilities

	31 December 2023	31 December 2022
Opening balance	34,996,724	45,621,522
Increase during the year	10,015,303	77,067
Interest	1,611,460	1,947,595
Payment during the year	(10,380,096)	(10,667,810)
Lease alterations	16,928,272	(1,981,650)
Closing balance	53,171,663	34,996,724
Less: Lease liabilities due within one year (Note V.24)	8,928,292	8,127,249
Total	44,243,371	26,869,475

An analysis of lease liabilities based on maturity dates is as follows:

	31 December 2023	31 December 2022
Due within 1 year (inclusive)	8,928,292	8,127,249
Due within 2 years (inclusive of 2 years)	10,073,426	3,575,041
Due within 3 to 5 years (inclusive of 3 and 5 years)	18,751,050	8,413,536
Over 5 years	15,418,895	14,880,898
Total	53,171,663	34,996,724

### 29. Provisions

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Pending litigation (Note XI.2)	–	7,756,746	–	7,756,746

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 30. Other non-current liabilities

	Note	31 December 2023	31 December 2022
Permanent lane occupation compensation	1	47,841,714	49,833,952
Advanced service area payment		39,241,921	42,077,371
Forward traffic volume compensation		39,481,287	9,708,738
Advanced rental		6,022,655	6,445,659
Borrowings from related parties	2	–	85,000,431
Total		132,587,577	193,066,151

Note 1: Expressway companies under the Group receive lump-sum payment from third parties for occupation of the respective expressways, and the occupation period is the remaining toll term of such expressways.

Note 2: Chengming Expressway Company received the loan of RMB772,060,000 from Chengdu Expressway Construction in 2019. Pursuant to the loan agreement, the loan carried an annual interest rate of 4.75%, of which RMB231,618,000 shall be repayable on 3 April 2024, and RMB540,442,000 shall be repayable on 25 April 2024. The principal and interest of the loans shall be repayable in one lump sum on the maturity dates. In 2020, Chengming Expressway Company newly secured long-term bank borrowings of over 10 years, and early repaid principal of RMB726,873,670 to Chengdu Expressway Construction.

As of 31 December 2022, the principal of the loan extended to Chengming Expressway Company by Chengdu Expressway Construction and the interest accrued thereon totaled RMB85,000,431. Chengming Expressway Company entered into a supplemental agreement with Chengdu Expressway Construction in June 2022, pursuant to which, Chengdu Expressway Construction shall not demand repayment of the principal and interest of the loan before and including 31 December 2023.

As of 31 December 2023, the principal and interest on the loan provided to Chengming Expressway Company by Chengdu Expressway Construction will be due within one year and are presented as other payables, as detailed in Note V.23.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 31. Share capital

2023

	Opening and closing balance
Chengdu Expressway Construction	900,000,000
Chengdu Communications Investment	300,000,000
H shares with a nominal value of RMB1 each	456,102,000
Total	<b>1,656,102,000</b>

2022

	Opening and closing balance
Chengdu Expressway Construction	900,000,000
Chengdu Communications Investment	300,000,000
H shares with a nominal value of RMB1 each	456,102,000
Total	<b>1,656,102,000</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 32. Capital reserves

2023

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Share capital premium	437,516,216	–	–	437,516,216
Other capital reserves	134,134,285	–	–	134,134,285
<b>Total</b>	<b>571,650,501</b>	<b>–</b>	<b>–</b>	<b>571,650,501</b>

2022

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Share capital premium	437,516,216	–	–	437,516,216
Other capital reserves	122,202,875	11,931,410	–	134,134,285
<b>Total</b>	<b>559,719,091</b>	<b>11,931,410</b>	<b>–</b>	<b>571,650,501</b>

The increase in other capital reserves in 2022 represented RMB22,958,486 repaid by Yanchang Shell to Communications Investment Energy on behalf of Chengdu Huaguan Industrial Co., Ltd. (成都華冠實業股份有限公司) (“Huaguan Industrial”) and Chengdu Petroleum which exceeded its share of debts due to Chengdu Petroleum, including other capital reserves attributable to the Company of RMB11,931,410.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 33. Specialised reserves

2023

	Opening balance	Appropriation during the year	Utilisation during the year	Closing balance
Safety production funds	15,903,593	2,238,034	(2,313,071)	15,828,556

2022

	Opening balance	Appropriation during the year	Utilisation during the year	Closing balance
Safety production funds	14,906,630	5,028,370	(4,031,407)	15,903,593

Safety production funds were provided and used according to the Administrative Measures for the Provision and Use of Safety Production Funds in Enterprises (Cai Zi [2022] No. 136) jointly issued by the Ministry of Finance and the Ministry of Emergency Management in 2022 and 2023. In 2023, the Group's subsidiaries, Zhongyou Energy and Communications Investment Energy met the requirement of suspending the appropriation of safety production funds as set out in the Administrative Measures for the Provision and Use of Safety Production Funds in Enterprises (Cai Zi [2022] No. 136), and therefore, no provision for safety production funds was made during the period.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 34. Surplus reserves

2023

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Statutory surplus reserves	268,218,423	51,445,246	–	319,663,669

2022

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Statutory surplus reserves	213,889,871	54,328,552	–	268,218,423

According to the requirements of the Company Law and the articles of association of the Company, the Company shall appropriate 10% of its net profit to the statutory surplus reserve. In the event that the accumulated statutory surplus reserve has exceeded 50% of the registered capital of the Company, additional appropriation will not be needed.

The Company may set aside discretionary surplus reserves after appropriation of statutory surplus reserves. Discretionary surplus reserve may be utilised to make up losses of previous years or to increase share capital of the Company upon relevant approval.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 35. Unappropriated profit

	2023	2022
Unappropriated profit at the end of the previous year before adjustment	1,527,160,528	1,308,271,876
Adjustment	(14,295,245)	2,283,408
Unappropriated profit at the beginning of the year after adjustment	1,512,865,283	1,310,555,284
Net profit attributable to shareholders of the Company	618,766,312	490,148,932
Less: Appropriation of statutory surplus reserves	51,445,246	54,328,552
Cash dividend payable	294,786,156	233,510,381
Closing unappropriated profit	1,785,400,193	1,512,865,283

As at 31 December 2023, included in the unappropriated profit were surplus reserves of RMB319,945,043 attributable to the Company of the subsidiaries (31 December 2022: RMB278,313,978), including surplus reserves attributable to the Company appropriated by subsidiaries of RMB41,631,065 (2022: RMB72,093,108) during the year.

Pursuant to the resolution approved at the shareholders' general meeting on 12 May 2023, the Company would pay cash dividends of RMB0.178 per share to all the shareholders, totaling RMB294,786,156 based on the total share capital of the Company of 1,656,102,000 shares. Such dividend has been paid in full in 2023.

Based on the Board resolution on 27 March 2024, the Board recommended to the Company for the payment of a cash dividend of RMB0.168 per Share to all Shareholders, totaling RMB278,225,136 based on the total number of Shares of the Company of 1,656,102,000. The above proposal is subject to approval by the Shareholders at the general meeting and pending such approval, it will not result in a liability to the Company and therefore has not been reflected in the financial statements for the current year.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 36. Revenue operating and cost

	2023		2022	
	Revenue	Cost	Revenue	Cost
Principal business	2,813,957,982	1,809,532,258	2,536,288,210	1,690,254,717
Other business	80,082,999	42,458,322	60,334,784	35,300,906
<b>Total</b>	<b>2,894,040,981</b>	<b>1,851,990,580</b>	<b>2,596,622,994</b>	<b>1,725,555,623</b>

A breakdown of revenue is as follows:

#### 2023

Reporting segment	Expressway segment	Energy segment	Total
Type of revenue			
Toll income	1,470,432,380	–	1,470,432,380
Revenue from operation and management services	62,400,479	8,025,927	70,426,406
Revenue from maintenance services	17,299,626	–	17,299,626
Revenue from construction services	12,058,159	–	12,058,159
Revenue from sales of refined oil	–	1,269,066,964	1,269,066,964
Revenue from convenience stores	–	17,372,516	17,372,516
Revenue from lease of assets	10,860,602	2,473,305	13,333,907
Revenue from traffic volume compensation for operation suspension at a toll station	13,283,433	–	13,283,433
Revenue from forward traffic volume compensation	3,697,111	–	3,697,111
Other revenue	3,499,494	3,570,985	7,070,479
<b>Total</b>	<b>1,593,531,284</b>	<b>1,300,509,697</b>	<b>2,894,040,981</b>
Time of recognition of revenue			
At a point in time	1,487,765,499	1,287,532,694	2,775,298,193
Over time	105,765,785	12,977,003	118,742,788
<b>Total</b>	<b>1,593,531,284</b>	<b>1,300,509,697</b>	<b>2,894,040,981</b>



# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 36. Revenue and cost (continued)

2022

Reporting segment	Expressway segment	Energy segment	Total
Type of revenue			
Toll income	1,211,781,245	–	1,211,781,245
Revenue from operation and management services	56,570,340	3,877,382	60,447,722
Revenue from maintenance services	13,719,875	–	13,719,875
Revenue from sales of refined oil	–	1,267,936,625	1,267,936,625
Revenue from convenience stores	–	18,381,630	18,381,630
Revenue from lease of assets	10,361,906	747,451	11,109,357
Revenue from traffic volume compensation for operation suspension at a toll station	8,659,285	–	8,659,285
Other revenue	3,502,865	1,084,390	4,587,255
<b>Total</b>	<b>1,304,595,516</b>	<b>1,292,027,478</b>	<b>2,596,622,994</b>
Time of recognition of revenue			
At a point in time	1,225,537,984	1,287,402,645	2,512,940,629
Over time	79,057,532	4,624,833	83,682,365
<b>Total</b>	<b>1,304,595,516</b>	<b>1,292,027,478</b>	<b>2,596,622,994</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 36. Revenue and cost (continued)

A breakdown of operating costs is as follows:

2023

Reporting segment	Expressway	Energy sector	Total
Major types of costs			
Toll costs	637,188,398	–	637,188,398
Operation and management costs	56,774,360	3,142,593	59,916,953
Maintenance costs	15,636,567	–	15,636,567
Construction costs	12,058,159	–	12,058,159
Cost of refined oil sales	–	1,103,511,341	1,103,511,341
Cost of convenience stores	–	14,635,122	14,635,122
Cost of asset leasing	3,357,329	880,548	4,237,877
Other costs	3,986,391	819,772	4,806,163
<b>Total</b>	<b>729,001,204</b>	<b>1,122,989,376</b>	<b>1,851,990,580</b>
Time of recognition of revenue			
At a point in time	652,824,965	1,118,146,463	1,770,971,428
Over time	76,176,239	4,842,913	81,019,152
<b>Total</b>	<b>729,001,204</b>	<b>1,122,989,376</b>	<b>1,851,990,580</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 36. Revenue and cost (continued)

2022

Reporting segment	Expressway	Energy sector	Total
Major types of costs			
Toll costs	571,941,471	–	571,941,471
Operation and management costs	49,204,200	2,226,780	51,430,980
Maintenance costs	13,985,899	–	13,985,899
Cost of refined oil sales	–	1,069,109,046	1,069,109,046
Cost of convenience stores	–	15,684,632	15,684,632
Cost of asset leasing	3,075,556	149,490	3,225,046
Other costs	87,130	91,419	178,549
<b>Total</b>	<b>638,294,256</b>	<b>1,087,261,367</b>	<b>1,725,555,623</b>
Time of recognition of revenue			
At a point in time	585,927,370	1,084,793,678	1,670,721,048
Over time	52,366,886	2,467,689	54,834,575
<b>Total</b>	<b>638,294,256</b>	<b>1,087,261,367</b>	<b>1,725,555,623</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 36. Revenue and cost (continued)

Revenue recognised during the year included in the opening carrying amount of contract liabilities is as follows:

	2023	2022
Toll income	<b>16,742,697</b>	15,734,612
Revenue from sales of refined oil	<b>4,345,566</b>	5,769,144
Revenue from operation and management services	<b>1,539,109</b>	–
<b>Total</b>	<b>22,627,372</b>	21,503,756

Information about the Group's performance obligations is summarised below:

	Time of fulfilling performance obligations	Key payment terms	Nature of goods and services promised to be transferred	Whether it is the primary responsible person	Amounts expected to be refunded to the customers	Type of quality assurance provided and related obligations
Toll income	When customers travel through the expressways	5th day after clearing for non-batch payment, 1-3 months for batch payment	Pass-through services	Yes	Not applicable	Not applicable
Revenue from sales of refined oil	When goods are delivered	Payment before delivery, settle fuel payment for previous week on every Tuesday	Physical goods	Yes	Not applicable	Not applicable
Revenue from convenience stores	When goods are delivered	Payment upon delivery	Physical goods	Yes	Not applicable	Not applicable
Revenue from construction services	Recognized based on performance progress	Collection of toll income	Construction services	Yes	Not applicable	Not applicable
Revenue from operation and management services	Performance obligations are satisfied within the period of providing operation and management services	One-off payment within 30 days of receipt of invoice	Operation and management services	Yes	Not applicable	Not applicable
Revenue from maintenance services	Completion of maintenance services	One-off payment within 30 days of receipt of invoice	Maintenance services	Yes	Not applicable	Not applicable

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 36. Revenue and cost (continued)

As at 31 December 2023 and 31 December 2022, the expected timing of recognition of revenue from performance obligations that have been contracted for but not yet performed or have not yet been fulfilled is as follows:

	2023	2022
Within 1 year	<b>210,431,542</b>	73,976,790
Over 1 year	<b>292,844,947</b>	290,015,649
Total	<b>503,276,489</b>	363,992,439

### 37. Taxes and surcharges

	2023	2022
City maintenance and construction tax	<b>5,358,884</b>	5,319,043
Educational surcharge	<b>2,340,316</b>	2,297,935
Local educational surcharge	<b>1,517,926</b>	1,501,456
Housing property tax	<b>1,423,486</b>	1,957,413
Stamp duty	<b>876,536</b>	444,148
Urban land use tax	<b>518,866</b>	791,232
Vehicle & vessel tax	<b>39,102</b>	31,673
Total	<b>12,075,116</b>	12,342,900

### 38. Selling expenses

	2023	2022
Depreciation and amortisation	<b>20,878,593</b>	19,048,883
Employee benefits	<b>19,033,945</b>	16,424,801
Labor cost	<b>13,509,756</b>	12,954,619
Safety production expenses	<b>598,521</b>	9,544,752
Others	<b>5,637,781</b>	4,011,513
Total	<b>59,658,596</b>	61,984,568

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 39. Administrative expenses

	2023	2022
Employee benefits	<b>100,644,827</b>	93,172,313
Depreciation and amortization	<b>11,858,117</b>	10,836,499
Agency fees	<b>5,725,820</b>	4,914,585
Office expense	<b>4,318,886</b>	3,768,205
Employment guarantee fund for handicapped	<b>1,948,330</b>	2,966,172
Auditing fee	<b>1,452,830</b>	1,528,302
Transportation and vehicle utilisation fees	<b>1,068,613</b>	1,049,613
Security guarantee cost	<b>1,332,672</b>	706,120
Activity funds	<b>767,063</b>	463,879
Rental expense	<b>407,880</b>	340,535
Others	<b>7,277,555</b>	4,545,448
Total	<b>136,802,593</b>	124,291,671

### 40. Finance expenses

	2023	2022
Interest expense	<b>115,455,334</b>	123,693,974
Including: Interest expense on lease liabilities	<b>1,611,460</b>	1,947,595
Less: Interest income	<b>39,837,629</b>	41,862,428
Less: Interest capitalized	<b>1,102,750</b>	-
Foreign exchange loss/(gain)	<b>3,426,974</b>	(269,328)
Others	<b>1,729,424</b>	1,557,653
Total	<b>79,671,353</b>	83,119,871

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 41. Investment income

	2023	2022
Income from long-term equity investments accounted for using the equity method	26,012,826	25,475,472
Dividend income from other non-current financial assets held	681,500	2,800,000
<b>Total</b>	<b>26,694,326</b>	<b>28,275,472</b>

### 42. Credit impairment reversal/(loss)

	2023	2022
Reversal of/(loss from) impairment of accounts receivable	11,579,592	(1,215,889)
Reversal of impairment of other receivables	1,079,177	51,680,729
<b>Total</b>	<b>12,658,769</b>	<b>50,464,840</b>

### 43. Asset impairment loss

	2023	2022
Impairment loss on goodwill	-	(16,578,653)

### 44. Gains from disposal of assets

	2023	2022
Gains from disposal of intangible assets	3,793,516	-
Gains from disposal of fixed assets	457	-
Lease alteration	-	363,653
<b>Total</b>	<b>3,793,973</b>	<b>363,653</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 45. Fair value gain or loss

	2023	2022
Changes in fair value included in profit or loss	<b>4,532,000</b>	(2,660,700)

### 46. Non-operating income

	2023	2022
Temporary lane occupation compensation	<b>2,810,198</b>	13,210,690
Permanent lane occupation compensation – amortised during the year	<b>6,528,116</b>	7,195,338
Income from road property compensation	<b>2,628,975</b>	1,951,041
Others	<b>1,584,342</b>	903,230
<b>Total</b>	<b>13,551,631</b>	23,260,299

### 47. Non-operating expense

	2023	2022
Compensation and litigation fees	<b>8,053,183</b>	–
Tax delinquency	<b>165,808</b>	121,168
Loss from scrap of fixed assets	<b>55,107</b>	145,815
Penalties	<b>20,000</b>	18,800
Others	<b>13,768</b>	114,264
<b>Total</b>	<b>8,307,866</b>	400,047



# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 48. Expenses by nature

The supplementary information for the operating cost, selling expenses and administrative expenses of the Group classified by nature is as follows:

	2023	2022
Oil purchase costs	<b>1,101,419,097</b>	1,065,178,844
Depreciation and amortisation	<b>385,137,183</b>	314,294,224
Employee benefits	<b>367,956,918</b>	348,574,952
Road maintenance	<b>64,363,463</b>	68,459,700
Maintenance cost of equipment and facilities	<b>16,087,259</b>	13,607,206
Cost of convenience stores	<b>14,635,122</b>	15,684,632
Labour cost	<b>13,509,756</b>	12,954,619
Road greening cost	<b>12,624,983</b>	11,635,951
Construction cost	<b>12,058,159</b>	–
Agency fees	<b>5,725,820</b>	4,914,585
Toll income clearing service fees	<b>4,683,828</b>	3,771,807
Office expense	<b>4,318,886</b>	3,768,205
Security guarantee fee	<b>4,213,559</b>	706,120
Transportation and vehicle utilisation fees	<b>5,801,809</b>	5,463,031
Transportation expense	<b>2,092,244</b>	3,930,202
Agency fees	<b>1,452,830</b>	1,528,302
Security production expense	<b>598,521</b>	9,544,752
Rental expenses	<b>580,446</b>	340,535
Others	<b>31,191,886</b>	27,474,195
Total	<b>2,048,451,769</b>	1,911,831,862

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 49. Income tax expense

	2023	2022
Current income tax expense	<b>143,699,978</b>	104,723,734
Deferred income tax expense	<b>990,310</b>	7,155,088
<b>Total</b>	<b>144,690,288</b>	111,878,822

Relationship between income tax expense and total profit is as follows:

	2023	2022
Total profit	<b>806,866,677</b>	672,261,955
Income tax expense at statutory or applicable tax rate <sup>(note)</sup>	<b>201,716,669</b>	168,065,489
Effect of different tax rates of subsidiaries	<b>(77,732,187)</b>	(51,107,149)
Impact of adjustments to income tax of previous periods	<b>6,613,833</b>	(8,921,056)
Share of profit or loss of joint ventures and associates	<b>(4,242,717)</b>	(4,611,977)
Income not subject to tax	<b>(78,870)</b>	(420,000)
Non-deductible expenses	<b>7,731,099</b>	5,619,152
Utilisation of deductible losses in previous years	-	(372,962)
Unrecognised deductible losses	<b>10,682,461</b>	3,627,325
<b>Income tax expense at the Group's effective tax rate</b>	<b>144,690,288</b>	111,878,822

Note: The Group's income tax has been provided at the rate on the estimated taxable profits arising in the PRC.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 50. Earnings per share

Basic earnings per share is calculated based on the net profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares in issue. The number of new ordinary shares is calculated commencing from the date consideration thereof is received (generally the share issuance date) subject to the specific terms in the issue agreement.

	2023	2022
Net profit attributable to shareholders of the Company	<b>618,766,312</b>	490,148,932
Weighted average number of ordinary shares in issue	<b>1,656,102,000</b>	1,656,102,000
Basic earnings per share (RMB/share)	<b>0.37</b>	0.30

The Company did not have potential dilutive ordinary shares in 2023 and 2022.

### 51. Notes to items of cash flow statements

#### (1) Cash relating to operating activities

	2023	2022
Other cash received relating to operating activities		
Collection of trade balance	<b>122,711,478</b>	124,852,348
Interest income	<b>21,086,689</b>	24,613,739
Recovery of performance guarantee deposits when due	<b>15,269,400</b>	–
Government grants	<b>1,495,245</b>	2,149,050
Income tax refund	–	10,233,038
Total	<b>160,562,812</b>	161,848,175

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 51. Notes to items of cash flow statements (continued)

#### (1) Cash relating to operating activities (continued)

	2023	2022
Other cash paid relating to operating activities		
Trade balance and others	<b>44,719,961</b>	88,652,474
Administrative expenses	<b>24,900,026</b>	21,667,362
Selling expenses	<b>19,205,342</b>	16,966,132
Total	<b>88,825,329</b>	127,285,968

#### (2) Cash relating to investment activities

	2023	2022
Cash received relating to material investing activities		
Redemption of structured financial products and fixed deposits with maturity of over three months	<b>1,520,000,000</b>	1,271,962,773
Cash paid relating to material investing activities		
Purchase of structured financial products and fixed deposits with maturity of over three months	<b>1,460,000,000</b>	1,260,000,000

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 51. Notes to items of cash flow statements (continued)

#### (3) Cash relating to financing activities

	2023	2022
Other cash received relating to financing activities		
Debt repaid by non-controlling interests	–	22,958,486
	2023	2022
Other cash paid relating to financing activities		
Payment of rental expenses	<b>10,380,096</b>	10,667,810
Payment of listing expenses	<b>5,366,571</b>	2,661,698
Repayment of related party borrowings	–	40,000,000
Acquisition of non-controlling interests in subsidiaries	–	2,051,473
Total	<b>15,746,667</b>	55,380,981

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 51. Notes to items of cash flow statements (continued)

#### (3) Cash relating to financing activities (continued)

The movements in liabilities arising from financing activities are as follows:

#### 2023

	Opening balance	Increase during the year		Decrease during the year		Closing balance
		Cash movement	Non-cash movement	Cash movement	Non-cash movement	
Long-term borrowings (including those due within one year)	2,528,400,000	64,781,765	-	199,400,000	-	2,393,781,765
Debentures payable	-	300,000,000	-	-	-	300,000,000
Other current liabilities – Principal of debentures payable	300,000,000	300,000,000	-	600,000,000	-	-
Other current liabilities – Interest of debentures payable	4,188,082	-	5,213,836	9,401,918	-	-
Lease liabilities (including those due within one year)	34,996,724	-	28,555,035	10,380,096	-	53,171,663
Non-current liabilities due within one year – Interest of debentures payable	-	-	3,945,206	-	-	8,134,270
Other payables – Interest payable	2,828,000	-	4,328,571	5,366,571	-	1,790,000
Other payables – Dividends payable	9,064,631	-	359,492,327	368,556,958	-	-
<b>Total</b>	<b>2,882,888,584</b>	<b>664,781,765</b>	<b>504,043,647</b>	<b>1,295,912,174</b>	<b>-</b>	<b>2,755,801,822</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 51. Notes to items of cash flow statements (continued)

#### (3) Cash relating to financing activities (continued)

The movements in liabilities arising from financing activities are as follows: (continued)

2022

	Opening balance	Increase during the year		Decrease during the year		Closing balance
		Cash movement	Non-cash movement	Cash movement	Non-cash movement	
Long-term borrowings (including those due within one year)	2,968,000,000	-	-	439,600,000	-	2,528,400,000
Lease liabilities (including those due within one year)	45,621,522	-	43,012	10,667,810	-	34,996,724
Other current liabilities – Principal of debentures payable	-	300,000,000	-	-	-	300,000,000
Other current liabilities – Interest of debentures payable	-	-	4,188,082	-	-	4,188,082
Other payables – Dividends payable	24,265,571	-	302,379,592	294,367,741	23,212,791	9,064,631
Other payables – Interest payable	3,590,772	-	115,382,136	115,561,761	-	3,411,147
Other payables – Listing agency fees	-	-	5,489,698	2,661,698	-	2,828,000
Other payables – Loans from related parties	40,000,000	-	-	40,000,000	-	-
Other payables – Payment for equity transfers	2,051,473	-	-	2,051,473	-	-
<b>Total</b>	<b>3,083,529,338</b>	<b>300,000,000</b>	<b>427,482,520</b>	<b>904,910,483</b>	<b>23,212,791</b>	<b>2,882,888,584</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 52. Supplemental information of cash flow statements

#### (1) Supplemental information of cash flow statements

Reconciliation of net profit to cash flows from operating activities:

	2023	2022
Net profit	<b>662,176,389</b>	560,383,133
Add: Provision for asset impairment	<b>(12,658,769)</b>	(26,620,631)
Depreciation of fixed assets	<b>53,929,122</b>	54,487,575
Depreciation of right-of-use assets	<b>9,083,582</b>	9,004,073
Amortisation of intangible assets	<b>322,769,346</b>	256,086,688
Amortisation of long-term prepaid expenses	<b>1,046,511</b>	763,063
Losses from disposal of fixed assets, intangible assets and other long-term assets	<b>(3,793,973)</b>	(363,653)
Losses on write-off of fixed assets	<b>55,107</b>	145,815
Fair value gain	<b>(4,532,000)</b>	2,660,700
Finance expenses	<b>99,230,514</b>	106,445,285
Investment income	<b>(26,694,326)</b>	(28,275,472)
(Increase)/decrease in deferred tax assets	<b>(3,092,327)</b>	1,606,046
Increase in deferred tax liabilities	<b>4,082,637</b>	5,549,042
(Increase)/decrease in inventories	<b>(3,347,695)</b>	28,812,218
Increase in operating receivables	<b>(42,627,470)</b>	(32,213,445)
Increase/(decrease) in operating payables	<b>62,968,067</b>	(89,412,694)
Others – Unutilised specialised reserves	<b>(4,005,223)</b>	1,311,946
Net cash flows from operating activities	<b>1,114,589,492</b>	850,369,689



# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 51. Supplemental information of cash flow statements (continued)

#### (1) Supplemental information of cash flow statements (continued)

Material investment and operating activities not involving cash:

	2023	2022
Increase in prepayment through settlement of accounts receivable <sup>(Note)</sup>	<b>260,329,096</b>	320,648,822
Acquisition of right-of-use assets by assuming lease liabilities	<b>27,601,663</b>	(3,159,700)
Capital contribution with land use right	<b>14,506,600</b>	–
Other receivables offset with dividend payable	–	23,212,791

Note: Zhongyou Energy, a subsidiary of the Group, retails oil products to clients, and accepts payment through the refill cards or electronic coupons issued by PetroChina. Following payment by clients, Zhongyou Energy settles the receivables subject to the amount deducted from refill cards or electronic coupons, whereby it increased the oil prepayment to PetroChina with such amounts.

Net change in cash and cash equivalents:

	2023	2022
Closing balance of cash	<b>1,396,931,042</b>	1,220,400,960
Less: Opening balance of cash	<b>1,220,400,960</b>	1,276,119,207
Add: Closing balance of cash equivalents	<b>864,000,000</b>	593,670,000
Less: Opening balance of cash equivalents	<b>593,670,000</b>	524,000,000
Net increase in cash and cash equivalents	<b>446,860,082</b>	13,951,753

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 51. Supplemental information of cash flow statements (continued)

#### (2) Composition of cash and cash equivalents

	2023	2022
Cash	<b>1,396,931,042</b>	1,220,400,960
Including: Cash on hand	<b>81,100</b>	119,825
Deposits held at call with banks	<b>1,396,034,758</b>	1,218,992,639
Other currency funds available for payments at any time	<b>815,184</b>	1,288,496
Cash equivalents	<b>864,000,000</b>	593,670,000
Including: Time deposits with maturity within three months	<b>864,000,000</b>	593,670,000
Balance of cash and cash equivalents at the end of the year	<b>2,260,931,042</b>	1,814,070,960

#### (3) Currency funds other than cash and cash equivalents

	2023	2022	Reason
Fixed deposits with maturity of over three months	-	60,000,000	Due in over three months
Performance guarantee deposits	-	15,269,400	Restricted use
Total	-	75,269,400	

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 53. Foreign currency monetary items

31 December 2023

	Original currency	Foreign exchange rate	RMB equivalent
Currency funds			
Hong Kong dollars	15,255,284	0.9062	13,824,644

31 December 2022

	Original currency	Foreign exchange rate	RMB equivalent
Currency funds			
Hong Kong dollars	15,735,217	0.8933	14,055,797

### 54. Lease

(1) As lessee

	31 December 2023	31 December 2022
Interest expense on lease liabilities	1,611,460	1,947,595
Short-term lease expense under simplified approach through profit or loss	580,446	340,535
Total cash outflow in relation to leases	10,960,542	11,008,345

Assets leased by the Group include buildings and land use right in the course of operation, of which the lease term for buildings and land use right generally ranges from one to ten years and 6.5 to 18.5 years, respectively.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 54. Lease (continued)

(1) As lessee (continued)

Future potential cash outflows not included in the lease liabilities for measurement

Leases committed but not yet commenced

The estimated future cash outflows of leases that have been committed but not yet commenced are as below:

	2023	2022
Within 1 year (inclusive of 1 year)	–	500,000
1 to 2 years (inclusive of 2 years)	–	1,000,000
2 to 3 years (inclusive of 3 years)	<b>1,000,000</b>	1,000,000
Over 3 years	<b>8,500,000</b>	7,000,000
Total	<b>9,500,000</b>	9,500,000

Other lease information

For details of right-of-use assets, please refer to Note V.11; for simplified approach regarding short-term lease and low-value asset leases, please refer to Note III. 25; and for details of lease liabilities, please refer to Note V.28.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 54. Lease (continued)

#### (2) As lessor

Pursuant to the lease contracts entered into with the lessees, the undiscounted minimum lease receivables is as follows:

	<b>31 December 2023</b>	31 December 2022
Within 1 year (inclusive of 1 year)	<b>6,701,704</b>	3,624,581
1 to 2 years (inclusive of 2 years)	<b>5,496,740</b>	3,838,506
2 to 3 years (inclusive of 3 years)	<b>4,065,794</b>	3,024,433
3 to 4 years (inclusive of 4 years)	<b>3,972,955</b>	1,763,452
4 to 5 years (inclusive of 5 years)	<b>3,993,426</b>	1,764,932
Over 5 years	<b>12,493,569</b>	5,454,634
Total	<b>36,724,188</b>	19,470,538

For details of operating lease of fixed assets, please refer to Note V.9.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## VI. INTERESTS IN OTHER ENTITIES

### 1. Interests in subsidiaries

Details of the subsidiaries of the Company are as follows:

	Place of principal business/ registration	Nature of business	Registered capital	Proportion of shareholding (%)		Voting rights Proportion (%)	Remark
				Direct	Indirect		
<i>Subsidiaries acquired through establishment or investment</i>							
Chengwenqiong Expressway Company	Chengdu	Management and operation of expressway	554,490,000	100.00	-	100.00	
Chengpeng Expressway Company	Chengdu	Management and operation of expressway	384,620,000	100.00	-	100.00	
Chengdu Airport Expressway Company	Chengdu	Management and operation of expressway	153,750,000	55.00	-	55.00	
Zhenxing Company	Chengdu	Management and operation of expressway service areas	100,000,000	80.00	-	80.00	
Operation Company	Chengdu	Expressway management	20,000,000	100.00	-	100.00	
<i>Subsidiaries acquired through business combination under common control</i>							
Energy Development Company	Chengdu	Petrol station operation and investment	676,000,000	94.49	-	94.49	1
Communications Investment Energy	Chengdu	Petrol station operation	127,305,500	-	55.00	55.00	1
Zhongyou Energy	Chengdu	Petrol station operation	437,335,000	-	51.00	51.00	1
Xinyuanli Energy	Chengdu	Petrol station operation	20,000,000	-	100.00	100.00	1
<i>Subsidiary acquired through business combination not under common control</i>							
Chengming Expressway Company	Chengdu	Management and operation of expressway	100,000,000	51.00	-	51.00	

*Note 1:* Equity interests in Communications Investment Energy, Zhongyou Energy and Xinyuanli Energy are held through Energy Development Company.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## VI. INTERESTS IN OTHER ENTITIES *(continued)*

### 1. Interests in subsidiaries *(continued)*

Energy Development Company is a joint stock company incorporated under the PRC laws with limited liability, and the other subsidiaries are limited liability companies incorporated under the PRC laws, and the places of registration and operation of all the subsidiaries are located in the PRC.

There is no inconsistency between the shareholding proportion and voting rights proportion in each subsidiary of the Company.

In February 2023, PetroChina paid up capital of RMB25,675,500 to Zhongyou Energy, upon which the paid-in capital of Zhongyou Energy increased by RMB25,675,500, and its registered capital and shareholding structure remain unchanged.

In 2023, the Company and Chengdu Communications Investment Property Company Limited contributed capital of RMB222,047,279 and RMB12,952,723 based on their respective original shareholding to Energy Development Company, upon which, the paid-in capital of Energy Development Company increased to RMB676,000,000, and its registered capital and shareholding structure remain unchanged.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## VI. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in subsidiaries (continued)

Subsidiaries with significant non-controlling interests are set out below:

2023

	Shareholding proportion of non-controlling interests	Profit and loss attributable to non-controlling interests	Dividends paid to non-controlling interests	Accumulated non-controlling interests as at the end of the year
Chengdu Airport Expressway Company	45.00%	22,011,250	17,062,996	127,565,647
Chengming Expressway Company	49.00%	(5,810,240)	–	341,415,498
Zhongyou Energy <sup>(Note)</sup>	51.81%	18,344,330	21,530,290	327,721,622

2022

	Shareholding proportion of non-controlling interests	Profit and loss attributable to non-controlling interests	Dividends paid to non-controlling interests	Accumulated non-controlling interests as at the end of the year
Chengdu Airport Expressway Company	45.00%	17,062,996	30,858,227	122,617,393
Chengming Expressway Company	49.00%	(13,515,814)	–	347,225,738
Zhongyou Energy <sup>(Note)</sup>	51.81%	24,819,734	22,489,707	307,307,758

*Note:* The Company holds 94.49% equity interests in Energy Development Company, which in turn holds 51% equity interests in Zhongyou Energy. Accordingly, the Company indirectly holds 48.19% equity interests in Zhongyou Energy, and its remaining 51.81% equity interests are held by non-controlling interests.



# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## VI. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in subsidiaries (continued)

The table below sets forth the major financial information of the above subsidiaries, which represents amounts before group elimination:

Chengdu Airport Expressway Company:

	2023	2022
Current assets	<b>268,666,731</b>	224,820,687
Non-current assets	<b>39,391,510</b>	70,233,597
Total assets	<b>308,058,241</b>	295,054,284
Current liabilities	<b>24,579,024</b>	21,841,072
Non-current liabilities	–	730,115
Total liabilities	<b>24,579,024</b>	22,571,187
Revenue	<b>119,397,277</b>	92,776,991
Net profit	<b>48,913,890</b>	37,917,768
Total comprehensive income	<b>48,913,890</b>	37,917,768
Net cash flows from operating activities	<b>75,395,927</b>	42,927,390

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## VI. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in subsidiaries (continued)

The table below sets forth the major financial information of the above subsidiaries, which represents amounts before group elimination: (continued)

Chengming Expressway Company:

	2023	2022
Current assets	<b>76,413,861</b>	67,584,744
Non-current assets (excluding goodwill)	<b>2,616,340,365</b>	2,727,070,535
Goodwill	<b>75,650,620</b>	75,650,620
<b>Total assets</b>	<b>2,768,404,846</b>	2,870,305,899
Current liabilities	<b>275,609,795</b>	168,603,707
Non-current liabilities	<b>1,720,378,110</b>	1,917,427,617
<b>Total liabilities</b>	<b>1,995,987,905</b>	2,086,031,324
Revenue	<b>223,145,563</b>	178,691,265
Net loss	<b>(11,857,634)</b>	(44,161,947)
Total comprehensive loss	<b>(11,857,634)</b>	(44,161,947)
Net cash flows from operating activities	<b>173,765,693</b>	63,388,423

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## VI. INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in subsidiaries (continued)

The table below sets forth the major financial information of the above subsidiaries, which represents amounts before group elimination: (continued)

Zhongyou Energy:

	2023	2022
Current assets	<b>257,939,325</b>	226,481,057
Non-current assets	<b>445,393,124</b>	453,757,623
Total assets	<b>703,332,449</b>	680,238,680
Current liabilities	<b>21,409,031</b>	19,572,862
Non-current liabilities	<b>41,269,624</b>	33,148,703
Total liabilities	<b>62,678,655</b>	52,721,565
Revenue	<b>759,297,333</b>	809,428,195
Net profit	<b>35,406,861</b>	47,905,213
Total comprehensive income	<b>35,406,861</b>	47,905,213
Net cash flows from operating activities	<b>42,992,621</b>	72,928,796

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## VI. INTERESTS IN OTHER ENTITIES (continued)

### 2. Interests in joint venture and associates

	Place of principal business/ registration	Nature of business	Registered capital	Proportion of shareholding (%)		Accounting treatment
				Direct	Indirect	
Joint ventures						
Sinopec Energy	Chengdu	Management and operation of petrol stations	41,540,200	-	50.00	Equity method
Battery Services-Communications Investment	Chengdu	Operation of new energy vehicle battery replacement facilities	300,000,000	-	48.00	Equity method
Associates						
Zhongyou Jieneng	Chengdu	Management and operation of gas stations	100,214,100	-	47.49	Equity method
Chengbei Exit Expressway Company	Chengdu	Management and operation of expressway	220,000,000	40.00	-	Equity method
New Energy Company	Chengdu	Operation of vehicle charging facilities	117,647,059	-	51.00	Equity method
Chengdu Tongneng	Chengdu	Management and operation of gas stations	86,000,000	-	30.00	Equity method
Chengdu Jiuhe	Chengdu	Management and operation of petrol stations	13,000,000	-	43.00	Equity method
Chengdu Jiaoyun CNG	Chengdu	Management and operation of gas stations	13,000,000	-	25.00	Equity method
Teld	Chengdu	Operation of vehicle charging facilities	200,000,000	-	16.00	Equity method

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## VI. INTERESTS IN OTHER ENTITIES *(continued)*

### 2. Interests in joint venture and associates *(continued)*

New Energy Company was established in August 2021, and was held as to 60% and 40% by Energy Development Company, a subsidiary of the Group and Shudian Corporation, respectively. The Group and Shudian Corporation exercised joint control over New Energy Company, and New Energy Company was accounted for as a joint venture of the Group.

In July 2022, New Energy Company undertook a capital increase and introduced a new shareholder, Chengdu Bus, subsequent to which it is held by Energy Development Company, Shudian Corporation and Chengdu Bus as to 51%, 34% and 15%, respectively. New Energy Company amended its articles of association in December 2022. Management of the Group considers that as following the amendments to its articles of association, two parties, when acting in concert, may exercise joint control over New Energy Company. Therefore, New Energy Company no longer constituted a joint venture, and has been accounted for as an associate of the Group.

In January 2022, the Group acquired 16% equity interests in Teld. Energy Development Company appointed one director on the board of directors of Teld (comprising a total of five directors) to participate in its operation and decision-making process. As the Group exercises significant control over the operation of Teld, it is accounted for as an associate of the Group.

On 20 June 2023, Energy Development Company and Times Battery Services jointly established Battery Services-Communications Investment, which is owned as to 52% and 48% by Times Battery Services and Energy Development Company, respectively. Pursuant to its articles of association, Battery Services-Communications Investment is jointly controlled by Energy Development Company and Times Battery Services, and therefore, Battery Services-Communications Investment is accounted for as a joint venture of the Group. As of 31 December 2023, Energy Development Company has paid in the capital contribution of RMB48,000,000.

Chengbei Exit Expressway Company, one of the Group's significant associates, is engaged in expressway management and operation. The long-term equity investment in the company, which is not strategically important to the Group's activities, is accounted for using the equity method.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## VI. INTERESTS IN OTHER ENTITIES (continued)

### 2. Interests in joint venture and associates (continued)

The table below sets forth the financial information of Chengbei Exit Expressway Company, which have been adjusted for accounting differences and reconciled to the carrying value of the financial statements:

	<b>31 December 2023</b>	31 December 2022
Current assets	<b>306,990,871</b>	280,475,981
Including: Cash and cash equivalents	<b>300,843,265</b>	271,060,733
Non-current assets (excluding goodwill)	<b>36,024,789</b>	69,344,034
<b>Total assets</b>	<b>343,015,660</b>	349,820,015
Current liabilities	<b>32,088,220</b>	33,068,563
Non-current liabilities	<b>1,251,000</b>	2,535,585
<b>Total liabilities</b>	<b>33,339,220</b>	35,604,148
Non-controlling interests	-	-
Equity attributable to shareholders of the Company	<b>309,676,440</b>	314,215,867
Share of net assets on a pro-rata basis	<b>123,870,576</b>	125,686,347
Carrying value of the investment	<b>123,870,576</b>	125,686,347
	<b>2023</b>	2022
Revenue	<b>118,220,953</b>	115,011,797
Income tax expense	<b>5,940,547</b>	7,763,152
Net profit	<b>35,069,415</b>	43,922,276
Total comprehensive income	<b>35,069,415</b>	43,922,276
Dividends received	<b>15,843,537</b>	19,548,963

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## VI. INTERESTS IN OTHER ENTITIES (continued)

### 2. Interests in joint venture and associates (continued)

Chengdu Tongneng, one of the Group's significant associates, is engaged in management and operation of gas stations. The investment in the company, which is not strategically important to the Group's activities, is accounted for using the equity method.

The table below sets forth the financial information of Chengdu Tongneng, which have been adjusted for accounting differences and reconciled to the carrying value of the financial statements:

	<b>31 December 2023</b>	31 December 2022
Current assets	<b>140,683,751</b>	127,579,840
Including: Cash and cash equivalents	<b>86,741,509</b>	80,663,920
Non-current assets (excluding goodwill)	<b>502,997,919</b>	502,579,682
<b>Total assets</b>	<b>643,681,670</b>	630,159,522
Current liabilities	<b>72,270,673</b>	85,476,527
Non-current liabilities	<b>36,379,742</b>	65,027,299
<b>Total liabilities</b>	<b>108,650,415</b>	150,503,826
Non-controlling interests	<b>43,066,702</b>	29,387,980
Equity attributable to shareholders of the Company	<b>491,964,553</b>	450,267,716
Share of net assets on a pro-rata basis	<b>147,589,366</b>	135,080,315
Adjustment	<b>(1,170,966)</b>	781,977
Carrying value of the investment	<b>146,418,400</b>	135,862,292
	<b>2023</b>	2022
Revenue	<b>498,972,390</b>	423,842,500
Income tax expense	<b>6,416,516</b>	6,873,709
Net profit	<b>35,187,025</b>	40,499,283
Total comprehensive income	<b>35,187,025</b>	40,499,283

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## VI. INTERESTS IN OTHER ENTITIES (continued)

### 2. Interests in joint venture and associates (continued)

The table below sets forth a summary of the financial information of insignificant joint ventures and associates of the Group:

	2023	2022
Joint ventures		
Total carrying values of investment	<b>62,951,957</b>	15,245,351
Total amounts calculated on a pro-rata basis		
Net profit	<b>387,686</b>	1,320,268
Total comprehensive income	<b>387,686</b>	1,320,268
Dividends received	<b>1,188,241</b>	1,096,267
Change in specialised reserves	<b>507,161</b>	111,551
Associates		
Total carrying values of investment	<b>189,319,404</b>	176,350,927
Total amounts calculated on a pro-rata basis		
Net profit/(loss)	<b>1,041,266</b>	(5,563,491)
Total comprehensive income/(loss)	<b>1,041,266</b>	(5,563,491)
Dividends received	<b>411,395</b>	670,098
Change in specialised reserves	<b>1,262,859</b>	–



# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## VII. GOVERNMENT GRANTS

Government grants included in profit or loss for the period are as follows:

	2023	2022
Government grants relating to assets		
Decrease in depreciation by offsetting fixed assets	<b>7,463,707</b>	7,463,707
Government grants relating to income		
Cost offset	<b>837,063</b>	764,547
Administrative expenses offset	<b>600,377</b>	1,384,503
Selling expenses offset	<b>57,805</b>	–
Total	<b>8,958,952</b>	9,612,757

As at 31 December 2023 and 31 December 2022, there were no government grants receivable in other receivables.

## VIII. FINANCIAL INSTRUMENTS AND RISKS

### 1. Classification of financial instruments

As at 31 December 2023, financial assets at fair value through profit or loss totaling RMB85,822,000 (31 December 2022: RMB81,290,000) were presented in other non-current financial assets; financial assets at amortized cost totaling RMB2,574,403,057 (31 December 2022: RMB2,149,553,707) were mainly presented in currency funds, accounts receivable, other receivables, other non-current assets and long-term receivables; financial liabilities at amortized cost totaling RMB3,438,724,146 (31 December 2022: RMB3,769,089,692) were mainly presented in accounts payable, other payables, non-current liabilities due within one year, other current liabilities, long-term loans, debentures payable and other non-current liabilities.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## VIII. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

### 2. Risks of financial instruments

The Group is exposed to the risks of various financial instruments in its daily activities, mainly including credit risk, liquidity risk and market risk. The Group's risk management policy in this regard is summarized below.

#### *Credit risk*

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, accounts receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is not significant. Transactions that are not settled in the functional currency of the Group will not be granted credit terms unless specifically approved by credit control department.

As the Group trades in currency funds with banks with good reputation and high credit ratings, these financial instruments have low credit risk.

Other financial assets of the Group comprise accounts receivable, other receivables and long-term receivables, the credit risk of which arises from counterparty default, with a maximum exposure equal to the carrying value of these instruments.

The Group trades only with recognised and creditworthy third parties, hence there is no requirement for collateral. There is credit concentration risk specific to the Group. As at 31 December 2023, 44.06% (31 December 2022: 63.30%) of the Group's accounts receivable was due from the customer with the most accounts receivable balance, and 98.38% (31 December 2022: 99.22%) was due from the top five customers with most accounts receivable balance. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## VIII. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

### 2. Risks of financial instruments *(continued)*

#### *Credit risk (continued)*

#### Criteria for judging significant increases in credit risk

The Group assesses whether the credit risk of the relevant financial instruments has increased significantly since initial recognition at each balance sheet date. The Group's main criteria for determining a significant increase in credit risk are the number of days past due exceeding 30 days, or significant changes in one or more of the following indicators: significant adverse changes in the operating environment in which the debtor operates, internal or external credit ratings, and actual or expected results of operations.

#### Definition of credit-impaired assets

The Group's main criteria for determining that credit impairment has occurred is that the number of days past due exceeds 90 days, however, the Group also considers credit impairment to have occurred in certain circumstances where internal or external information suggests that full recovery of the contractual amount may not be possible before taking into account any credit enhancements held.

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily caused by a single event.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## VIII. FINANCIAL INSTRUMENTS AND RISKS (continued)

### 2. Risks of financial instruments (continued)

Credit risk (continued)

Credit risk exposure

Exposures graded by credit risk based on internal ratings:

**2023**

	12-month expected credit loss	Lifetime expected credit loss			Simplified measurement method	Total
		Stage 1	Stage 2	Stage 3		
Accounts receivable	-	-	-	228,317,255	228,317,255	
Other receivables	62,666,314	581,181	2,060,051	-	65,307,546	
<b>Total</b>	<b>62,666,314</b>	<b>581,181</b>	<b>2,060,051</b>	<b>228,317,255</b>	<b>293,624,801</b>	

**2022**

	12-month expected credit loss	Lifetime expected credit loss			Simplified measurement method	Total
		Stage 1	Stage 2	Stage 3		
Accounts receivable	-	-	-	211,128,637	211,128,637	
Other receivables	16,274,067	24,290,111	2,065,541	-	42,629,719	
<b>Total</b>	<b>16,274,067</b>	<b>24,290,111</b>	<b>2,065,541</b>	<b>211,128,637</b>	<b>253,758,356</b>	

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## VIII. FINANCIAL INSTRUMENTS AND RISKS (continued)

### 2. Risks of financial instruments (continued)

#### Liquidity risk

The Group's objective is to maintain a balance between the continuity and flexibility of financing through various financing methods. The Group finances its operations through funds generated from operations and borrowings.

The maturity analysis of the financial liabilities based on the contractual undiscounted cash flows, is as follows:

#### 31 December 2023

	Repayment on demand	Within 1 year	1 to 5 years	Over 5 years	Total
Accounts payable	477,690,249	43,985,390	-	-	521,675,639
Other payables	74,336,299	145,551,635	-	-	219,887,934
Long-term borrowings due within one year	-	222,527,220	-	-	222,527,220
Interest of debentures payable within one year	-	3,945,206	-	-	3,945,206
Long-term borrowings	-	84,924,197	1,131,261,584	1,546,187,428	2,762,373,209
Other non-current liabilities	-	5,054,794	318,000,000	-	323,054,794
Lease liabilities due within one year	-	12,154,315	-	-	12,154,315
Lease liabilities	-	-	33,634,212	16,849,400	50,483,612
<b>Total</b>	<b>552,026,548</b>	<b>518,142,757</b>	<b>1,482,895,796</b>	<b>1,563,036,828</b>	<b>4,116,101,929</b>

#### 31 December 2022

	Repayment on demand	Within 1 year	1 to 5 years	Over 5 years	Total
Accounts payable	656,898,481	53,899,275	-	-	710,797,756
Other payables	98,404,707	42,298,716	-	-	140,703,423
Long-term borrowings due within one year	-	203,597,874	-	-	203,597,874
Other current liabilities	-	305,294,082	-	-	305,294,082
Long-term borrowings	-	96,357,921	1,226,127,232	1,720,725,258	3,043,210,411
Other non-current liabilities	-	-	87,737,028	-	87,737,028
Lease liabilities due within one year	-	9,535,146	-	-	9,535,146
Lease liabilities	-	-	16,046,088	16,927,379	32,973,467
<b>Total</b>	<b>755,303,188</b>	<b>710,983,014</b>	<b>329,910,348</b>	<b>737,652,637</b>	<b>533,849,187</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## VIII. FINANCIAL INSTRUMENTS AND RISKS (continued)

### 2. Risks of financial instruments (continued)

#### Market risk

#### Interest rate risk

The Group's exposure to the risk of changes in market interest rates primarily relates to the Group's borrowings with floating interest rates. The Group manages interest rate risk by closely monitoring changes in interest rates and reviewing its borrowings on a regular basis.

The table below demonstrates the sensitivity analysis of the impact (of floating rate borrowings) on the net profits or losses and equity (net of tax) when reasonable and possible fluctuations of interest rate occurred, under the assumption that other variables were held constant:

#### 31 December 2023

	Increase/ (Decrease) in base points	Increase/ (Decrease) in net profits or losses	Increase/ (Decrease) in total equity
RMB	5%	(4,348,414)	(4,348,414)
RMB	(5%)	4,348,414	4,348,414

#### 31 December 2022

	Increase/ (Decrease) in base points	Increase/ (Decrease) in net profits or losses	Increase/ (Decrease) in total equity
RMB	5%	(5,204,050)	(5,204,050)
RMB	(5%)	5,204,050	5,204,050

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

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## VIII. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

### 3. Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern, to provide returns for the shareholders and to optimise its capital structure in order to minimise the costs of capital.

The Group manages its capital structure and makes adjustment in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or dispose of assets to reduce liabilities. No changes were made in the objectives, policies or processes for capital management in 2023 and 2022.

The Group monitors capital using the gearing ratio, which is total liabilities divided by total assets. The Group's gearing ratio as at the balance sheet date is as follows:

	<b>31 December 2023</b>	31 December 2022
Gearing ratio	<b>43%</b>	46%

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## IX. FAIR VALUES

### 1. Assets measured at fair value

31 December 2023

	Fair value measurement using			Total
	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Other non-current financial assets	–	–	85,822,000	85,822,000

31 December 2022

	Fair value measurement using			Total
	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Other non-current financial assets	–	–	81,290,000	81,290,000



# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## IX. FAIR VALUES (continued)

### 2. Level 3 fair value measurement

The finance department of the Group is led by the chief financial officer and is responsible for formulating policies and procedures for measuring the fair values of financial instruments. On each balance sheet date, the financial department analyses the changes in the value of financial instruments and determines the main input applicable to valuation. The valuation is subject to review and approval by the chief accountant.

The significant unobservable inputs used by Level 3 fair value measurement are summarised below:

2023

	Closing fair value	Valuation technique	Unobservable inputs	Range interval (weighted average)
Other non-current financial assets	3,750,000	Listed companies comparison method	Lack of liquidity discount	30%
Other non-current financial assets	82,072,000	Comparable transaction method	Selection of comparable company	N/A

2022

	Closing fair value	Valuation technique	Unobservable inputs	Range interval (weighted average)
Other non-current financial assets	6,900,000	Listed companies comparison method	Lack of liquidity discount	30%
Other non-current financial assets	74,390,000	Comparable transaction method	Selection of comparable company	N/A

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## IX. FAIR VALUES (continued)

### 3. Adjustment for Level 3 fair value measurement

During the Level 3 fair value measurement, information on profit or loss included in the profit or loss for the current period is as follows:

	Profit or loss relating to financial assets	
	2023	2022
Changes in the unrealised gain or loss for the current period from assets held at the end of the year	4,532,000	(2,660,700)
Changes in fair value included in profit or loss	4,532,000	(2,660,700)

### 4. Financial assets and financial liabilities not measured at fair value

The management has assessed that the fair values of currency funds, accounts receivable and accounts payable equal to their carrying amounts largely due to the short-term maturities of these instruments.

The following is the carrying amount and fair value of financial instruments except for lease liabilities and the financial instruments for which the difference between the carrying amount and fair value is immaterial:

2023

	Carrying amount	Fair value	Inputs used in fair value disclosures Significant unobservable inputs (Level 3)
<b>Financial assets</b>			
Other non-current assets	10,000,000	10,000,000	10,000,000
<b>Financial liabilities</b>			
Long-term borrowings	2,175,781,765	2,175,195,436	2,175,195,436
Debentures payable	300,000,000	299,701,644	299,701,644
Total	2,475,781,765	2,474,897,080	2,474,897,080

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## IX. FAIR VALUES (continued)

### 4. Financial assets and financial liabilities not measured at fair value (continued)

2022

	Carrying amount	Fair value	Inputs used in fair value disclosures Significant unobservable inputs (Level 3)
<b>Financial liabilities</b>			
Long-term borrowings	2,329,000,000	2,292,140,343	2,292,140,343
Other non-current liabilities	85,000,431	81,630,993	81,630,993
<b>Total</b>	<b>2,414,000,431</b>	<b>2,373,771,336</b>	<b>2,373,771,336</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## X. RELATED PARTY RELATIONSHIP AND TRANSACTIONS

### 1. Parent company

Name of the parent company	Place of registration	Nature of business	Shareholding proportion in the Company	Voting rights proportion in the Company	Registered capital
Chengdu Expressway Construction	Chengdu	Investment in, construction, operation and management of transportation infrastructure	54.34%	54.34%	736,147,000

The indirect controlling shareholder of the Company is Chengdu Communications Investment, and the ultimate controller of the Company is the Chengdu SASAC.

### 2. Subsidiaries

Details of subsidiaries are set out in Note VI.1.

### 3. Joint ventures and associates

Details of joint ventures and associates are set out in Note VI.2 of the financial statements.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## X. RELATED PARTY RELATIONSHIP AND TRANSACTIONS *(continued)*

### 4. Other related parties

Related party name	Related party relationship
PetroChina	A non-controlling shareholder of a subsidiary
Yanchang Shell	A non-controlling shareholder of a subsidiary
Chengluo Petrol Station	Under common control of Chengdu Communications Investment
Chengdu Transportation Junction	Under common control of Chengdu Communications Investment
Chengdu Communications Assets Management Co., Ltd. ("Communications Assets Management")	Under common control of Chengdu Communications Investment
Chengdu Communications Information Port Co., Ltd. ("Information Port Company")	Under common control of Chengdu Communications Investment
Chengdu Communications Investment Shancheng Industrial Co., Ltd. ("Chengdu Shancheng Industrial")	Under common control of Chengdu Communications Investment
Xinhua Petrol Station	Under common control of Chengdu Communications Investment
Huamin Petrol Station	Under common control of Chengdu Communications Investment
Chengdu Communications Planning Survey Design Research Institute Co. Ltd. ("Communications Survey Design Institute")	Under common control of Chengdu Communications Investment
Chengdu Communications Investment Intelligent Parking Industry Development Co., Ltd. ("Communications Investment Intelligent Parking")	Under common control of Chengdu Communications Investment
Chengdu Xingjin Intelligent Parking Lot Construction Development Co., Ltd. ("Xingjin Intelligent Parking Lot")	Under common control of Chengdu Communications Investment
Chengdu Communications Investment Construction Waste Recycling Industry Group Co., Ltd. ("Communications Investment Construction Industry")	Under common control of Chengdu Communications Investment
Chengdu Shiyang Transportation Co., Ltd. ("Chengdu Shiyang Transportation")	Under common control of Chengdu Communications Investment
Chengdu Communications Intelligent Transportation Technology Service Co., Ltd. ("Communications Intelligent Transportation")	Under common control of Chengdu Communications Investment
Chengdu Communications Investment Construction Co., Ltd. ("Communications Investment Construction")	Under common control of Chengdu Communications Investment
Sichuan Chengmiancangba Expressway Co., Ltd. ("Chengmiancangba Expressway")	Under common control of Chengdu Communications Investment
Sichuan Zhengda Detection Technology Co., Ltd. ("Zhengda Detection")	Under common control of Chengdu Communications Investment
Chengdu Tianfu International Airport Construction Development Co., Ltd. ("Tianfu International Airport Construction")	Under common control of Chengdu Communications Investment
Chengdu Road and Bridge Management Co., Ltd. ("Chengdu Road & Bridge")	Under common control of Chengdu Expressway Construction
Jintai Property & Casualty Insurance Co., Ltd. ("Jintai Insurance")	Company in which related natural persons are directors and senior management
Chengdu Communications Investment Intelligent Transportation Construction Co., Ltd. ("Communications Investment Intelligent Transportation")	Under common control of Chengdu Communications Investment
Chengdu Communications Investment Information Technology Co., Ltd. ("Communications Investment Information Technology")	Under common control of Chengdu Communications Investment
Chengdu Chengnan Transportation Co., Ltd. ("Chengdu Chengnan Transportation")	Under common control of Chengdu Communications Investment
Chengdu Xinjin Lianxin Transportation Co., Ltd. ("Xinjin Lianxin Transportation")	Under common control of Chengdu Communications Investment
Chengdu Public Transport Group Co., Ltd. ("Chengdu Public Transport Group")	Company in which related natural persons are directors and senior management
PetroChina Company Limited Sichuan Chengdu Sales Branch ("PetroChina Chengdu Sales")	Subsidiary of PetroChina

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## X. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (continued)

### 5. Major transactions between the Group and related parties

#### (1) Sales or purchases of goods and rendering or receipt of services with related parties

##### Purchases of goods and receipt of services from related parties

	Transaction	2023	Approved transaction cap	Whether exceeded the approved cap	2022
PetroChina	Refined oil	659,566,944	1,050,000,000	No	637,829,467
Communications Investment Construction	Expressway operation services	7,056,516		No	1,351,900
Communications Investment Information Technology	Expressway operation services	8,760,811			-
Zhengda Detection	Expressway operation services	3,285,446	61,000,000		1,152,285
Communications Survey Design Institute	Expressway operation services	413,552			1,831,493
Communications Investment Intelligent Transportation	Expressway operation services	350,000			-
Communications Assets Management	Comprehensive services	3,965,143			2,917,445
Chengdu Transportation Junction	Comprehensive services	501,215	7,400,000	No	4,007,789
PetroChina	Refined oil	1,798,071	Nil	N/A	1,735,193
Jintai Insurance	Insurance	986,992	Nil	N/A	915,853
Yanchang Shell	Non-oil commodities	168,414	Nil	N/A	406,396
Communications Intelligent Transportation	Office system maintenance and optimization fees	138,940	Nil	N/A	-
Tianfu International Airport Construction	Engineering service fee	103,080	Nil	N/A	-
Information Port Company	Videoconferencing service fee	3,679	Nil	N/A	-
<b>Total</b>		<b>687,098,803</b>			<b>652,147,821</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## X. RELATED PARTY RELATIONSHIP AND TRANSACTIONS *(continued)*

### 5. Major transactions between the Group and related parties *(continued)*

(1) *Sales or purchases of goods and rendering or receipt of services with related parties (continued)*

Sale of commodities to related parties

	Transaction	2023	2022
Xinhua Petrol Station	Refined oil and commodities	<b>35,223,293</b>	27,598,197
Huamin Petrol Station	Refined oil and commodities	<b>26,121,579</b>	16,487,550
Chengluo Petrol Station	Refined oil and commodities	<b>45,207,052</b>	10,028,482
Total		<b>106,551,924</b>	54,114,229

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## X. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (continued)

### 5. Major transactions between the Group and related parties (continued)

#### (2) Entrusted management of assets of related parties

Entrustor	Trustee	Types of assets entrusted	Commencement date of entrustment	End date of entrustment	Entrustment income recognized	
					2023	2022
Chengluo Petrol Station	Xinyuanli Energy	Petrol station operation	2022/10/1	2024/12/31	3,474,424	656,586
Xinhua Petrol Station	Xinyuanli Energy	Petrol station operation	2022/4/23	2024/12/31	2,911,459	1,962,348
Chengdu Communications Investment	Energy Development Company	Entrusted construction and management of service areas	2021/3/17	14 days after expiry of the warranty period	1,846,931	-
Huamin Petrol Station	Xinyuanli Energy	Petrol station operation	2022/4/23	2024/12/31	1,640,043	1,258,448

#### (3) Lease with related parties

##### As lessor

Leased assets		2023	2022
Zhongyou Jieneng	Land leasing	597,383	-
Teld	Charging pile leasing	68,697	81,908
Xingjin Intelligent Parking Lot	Property leasing	42,345	132,693
New Energy Company Communications Investment Intelligent Parking	Charging pile leasing	14,416	5,568
	Property leasing	-	3,948
<b>Total</b>		<b>722,841</b>	<b>224,117</b>



# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## X. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (continued)

### 5. Major transactions between the Group and related parties (continued)

#### (3) Lease with related parties (continued)

As lessee

2023

	Leased assets	Rental expenses for short-term lease and low-value asset leases under simplified approach	Variable lease payments that are not included in the measurement of the lease liabilities	Rental paid	Interest expense on lease liabilities	Increase in right-of-use assets
Chengdu Transportation Junction	Office premise leasing	301,019	-	5,947,239	401,135	16,928,272
Chengdu Shiyang Transportation	Site leasing	-	-	87,988	13,771	351,954
Chengdu Chengnan Transportation	Site leasing	-	-	101,577	22,518	1,963,829
Xinjin Lianxin Transportation	Site leasing	-	-	20,623	4,237	412,463
Chengdu Public Transport Group	Site leasing	-	-	65,359	24,219	522,876
Yanchang Shell	Retail management system leasing	172,566	-	195,000	-	-

2022

	Leased assets	Rental expenses for short-term lease and low-value asset leases under simplified approach	Variable lease payments that are not included in the measurement of the lease liabilities	Rental paid	Interest expense on lease liabilities	Decrease in right-of-use assets
Chengdu Transportation Junction	Office premise leasing	277,296	-	5,763,344	414,736	(260,057)
Yanchang Shell	Retail management system leasing	57,522	-	-	-	-

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## X. RELATED PARTY RELATIONSHIP AND TRANSACTIONS *(continued)*

### 5. Major transactions between the Group and related parties *(continued)*

#### (4) Guarantee provided by related parties

Acceptance of the guarantee provided by related parties

#### 2023

	Amount of guarantee	Inception date of guarantee	Expiry date of guarantee	Whether guarantee has been completed
Chengdu Communications Investment	1,580,000,000	2020/6/17	2041/6/17	No
Chengdu Communications Investment	305,259,452	2022/5/31	2023/2/25	Yes
Chengdu Communications Investment	304,142,466	2023/2/21	2023/8/20	Yes
Chengdu Communications Investment	303,945,206	2023/7/25	2026/7/25	No

#### 2022

	Amount of guarantee	Inception date of guarantee	Expiry date of guarantee	Whether guarantee has been completed
Chengdu Communications Investment	1,642,400,000	2020/6/17	2041/6/17	No
Chengdu Communications Investment	304,188,082	2022/5/31	2023/2/25	No

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## X. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (continued)

### 5. Major transactions between the Group and related parties (continued)

#### (5) Borrowing and lending with related parties

##### Borrowings

2022

	Amount repaid	Inception date	Maturity date
Chengdu Communications Investment	40,000,000	2021/6/18	2022/6/17

##### Interest expense to related parties

	2023	2022
Chengdu Expressway Construction	2,176,161	2,176,161
Chengdu Communications Investment	–	681,417
Total	2,176,161	2,857,578

##### Interest income from a related party

	2023	2022
Chengdu Jiuhe	–	48,704

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## X. RELATED PARTY RELATIONSHIP AND TRANSACTIONS *(continued)*

### 5. Major transactions between the Group and related parties *(continued)*

#### (6) *Assets transferred from related parties*

	Transaction	2023	2022
Communications Intelligent Transportation	Purchase of assets	–	141,509

#### (7) *Acquisition of equity interests from a related party*

	2023	2022
Chengdu Shancheng Industrial	–	60,902,400

#### (8) *Other related party transactions*

	2023	2022
Remuneration of key management members	5,440,034	6,310,675

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## X. RELATED PARTY RELATIONSHIP AND TRANSACTIONS *(continued)*

### 5. Major transactions between the Group and related parties *(continued)*

#### (9) Third-party payment of salaries and 5 insurance premiums and 2 contributions

Payment of salaries and 5 insurance premiums and 2 contributions by related parties

	2023	2022
PetroChina	<b>3,458,079</b>	3,196,628
Yanchang Shell	<b>603,506</b>	395,031
Total	<b>4,061,585</b>	3,591,659

Payment of salaries and 5 insurance premiums and 2 contributions for related parties

	2023	2022
New Energy Company	<b>571,226</b>	641,063
Sinopec Energy	<b>440,029</b>	411,455
Chengdu Tongneng	<b>254,103</b>	481,662
Teld	<b>239,627</b>	274,532
Chengdu Jiaoyun CNG	<b>200,000</b>	194,815
Chengmiancangba Expressway	<b>477,088</b>	456,427
Battery Services-Communications Investment	<b>229,638</b>	-
Zhengda Detection	-	147,823
Communications Investment Construction Industry	-	63,503
Chengdu Shancheng Industrial	-	27,106
Chengdu Expressway Construction	-	2,478
Total	<b>2,411,711</b>	2,700,864

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## X. RELATED PARTY RELATIONSHIP AND TRANSACTIONS *(continued)*

### 5. Major transactions between the Group and related parties *(continued)*

#### (10) Oil products settled by refill cards and electronic coupons

	2023	2022
PetroChina	260,329,096	320,648,822
Chengluo Petrol Station	3,567,022	–
Huamin Petrol Station	1,154,683	–
Xinhua Petrol Station	138,367	–
Total	265,189,168	320,648,822

#### (11) Joint investment

In 2022, the Company and Chengdu Communications Investment jointly made capital contribution to Shandong Financial Leasing in an amount of RMB70,000,000 and RMB805,000,000, respectively. After completion of the capital increase, Shandong Financial Leasing is held as to 1.6% and 18.4% by the Company and Chengdu Communications Investment, respectively. For detail, please refer to Note V.8.

#### (12) Debt settlement by a related party on behalf of another party

	2023	2022
Chengdu Communications Investment	20,212,527	–

Tianfu International Airport Construction is the agent project owner for construction of the Jinjianren Freeway (phase II) project on behalf of Chengdu Communications Investment, the project owner, and is responsible for management of the contractor, Guocheng Group, updating Chengdu Communications Investment, the project owner, on project progress and coordinating the payment of construction amounts. In 2021, Xinyuanli Energy, Guocheng Group and Tianfu International Airport Construction entered into an agreement, pursuant to which, Guocheng Group would procure asphalt from Xinyuanli Energy commencing from 2021, and if Guocheng Group fails to pay transaction amounts to Xinyuanli Energy in a timely manner, Xinyuanli Energy shall have the right to ask Tianfu International Airport Construction to assist in applying to Chengdu Communications Investment, the project owner, to deduct the amount equivalent to the transaction amounts from the construction payments due to Guocheng Group, and pay the same directly to Xinyuanli Energy. In 2023, as Guocheng Group did not pay the transaction amounts to Xinyuanli Energy in a timely manner, Xinyuanli Energy, with the assistance of Tianfu International Airport Construction, filed an application to Chengdu Communications Investment, and Chengdu Communications Investment paid RMB20,212,527 to Xinyuanli Energy.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## X. RELATED PARTY RELATIONSHIP AND TRANSACTIONS *(continued)*

### 5. Major transactions between the Group and related parties *(continued)*

#### *(13) Capital increase in related party with land*

In 2023, Energy Development Company increased the capital in Zhongyou Jieneng with land. Please refer to Note V.7 for details.

### 6. Undertakings between the Group and a related party

On 28 December 2023, the Group entered into an entrusted operation contract with Chengmiancangba Expressway, under which Chengmiancangba Expressway entrusted the Group to provide maintenance management, safety management and other day-to-day operation and management for the Chengdu Communications Investment construction section of the Cangba Expressway project. The term of entrustment is until 27 December 2025.

### 7. Balance of amounts receivable from and payable to related parties

#### *(1) Receivables*

	Related party	31 December 2023		31 December 2022	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Other receivables	Chengluo Petrol Station	1,956,091	-	695,981	-
Other receivables	Xinhua Petrol Station	1,532,384	-	745,804	-
Other receivables	Huamin Petrol Station	823,653	-	456,387	-
Other receivables	Yanchang Shell	573,506	-	-	-
Other receivables	Teld	514,158	-	274,532	-
Other receivables	Communications Assets Management	351,170	-	351,170	-
Other receivables	Chengdu Communications Investment	307,822	-	-	-
Other receivables	Battery Services-Communications Investment	229,638	-	-	-
Other receivables	Chengdu Transportation Junction	137,754	-	137,754	-
Other receivables	Chengdu Chengnan Transportation	118,482	-	-	-
Other receivables	Chengdu Shiyang Transportation	65,000	-	-	-
Other receivables	New Energy Company	60,935	-	9,251	-
Other receivables	Sinopec Energy	54,838	-	-	-

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## X. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (continued)

### 7. Balance of amounts receivable from and payable to related parties (continued)

#### (1) Receivables (continued)

		31 December 2023		31 December 2022	
Related party		Book balance	Bad debt provision	Book balance	Bad debt provision
Other receivables	PetroChina Chengdu Sales	40,000	-	-	-
Other receivables	Chengdu Jiaoyun CNG	37,769	-	-	-
Other receivables	Xinjin Lianxin Transportation	20,000	-	-	-
Other receivables	Chengdu Tongneng	8,168	-	-	-
Other receivables	Zhongyou Jieneng	-	-	36,758	-
<b>Total</b>		<b>6,831,368</b>	<b>-</b>	<b>2,707,637</b>	<b>-</b>
Accounts receivable	Huamin Petrol Station	2,086,054	-	513,403	-
Accounts receivable	Chengluo Petrol Station	903,349	-	854,654	-
Accounts receivable	Xinhua Petrol Station	188,429	-	861,737	-
Accounts receivable	Yanchang Shell	30	-	-	-
<b>Total</b>		<b>3,177,862</b>	<b>-</b>	<b>2,229,794</b>	<b>-</b>
Prepayments	PetroChina	62,268,495	-	53,370,324	-
Prepayments	Chengdu Transportation Junction	379,138	-	-	-
Prepayments	Communications Assets Management	205,254	-	190,304	-
Prepayments	Yanchang Shell	203,500	-	203,500	-
<b>Total</b>		<b>63,056,387</b>	<b>-</b>	<b>53,764,128</b>	<b>-</b>



# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## X. RELATED PARTY RELATIONSHIP AND TRANSACTIONS *(continued)*

### 7. Balance of amounts receivable from and payable to related parties *(continued)*

#### (2) Payables

	Related party	31 December 2023	31 December 2022
Other payables	Chengdu Expressway Construction (Note 1)	<b>87,176,592</b>	–
Other payables	Chengdu Communications Investment (Note 2)	<b>9,847,520</b>	4,922,667
Other payables	Communications Investment Construction	<b>1,520,992</b>	–
Other payables	Information Port Company	<b>382,202</b>	782,202
Other payables	Communications Survey Design Institute	<b>359,500</b>	369,500
Other payables	PetroChina	<b>236,513</b>	236,513
Other payables	Communications Intelligent Transportation	<b>97,500</b>	–
Other payables	Chengdu Public Transport Group	<b>74,240</b>	–
Other payables	Zhengda Detection	<b>50,000</b>	50,000
Other payables	Chengdu Shiyang Transportation	<b>47,086</b>	–
Other payables	Chengdu Road & Bridge	<b>41,560</b>	41,560
Other payables	Chengdu Transportation Junction	<b>38,774</b>	–
Other payables	New Energy Company	<b>11,520</b>	–
Other payables	Communications Assets Management	–	102,485
Other payables	Xingjin Intelligent Parking Lot	–	10,000
<b>Total</b>		<b>99,883,999</b>	<b>6,514,927</b>
Accounts payable	Communications Investment Information Technology	<b>5,864,687</b>	–
Accounts payable	Communications Investment Construction	<b>5,764,907</b>	1,351,900
Accounts payable	Zhengda Detection	<b>2,595,524</b>	1,494,104
Accounts payable	Information Port Company	<b>1,965,530</b>	4,133,105
Accounts payable	Chengdu Transportation Junction	<b>1,942,488</b>	3,507,300

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## X. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (continued)

### 7. Balance of amounts receivable from and payable to related parties (continued)

#### (2) Payables (continued)

	Related party	31 December 2023	31 December 2022
Accounts payable	Chengluo Petrol Station	555,302	–
Accounts payable	Huamin Petrol Station	351,789	–
Accounts payable	Communications Investment Intelligent Transportation	350,000	–
Accounts payable	Xinhua Petrol Station	138,367	–
Accounts payable	Yanchang Shell	108,518	–
Accounts payable	Communications Assets Management	101,950	101,047
Accounts payable	Communications Survey Design Institute	41,043	371,366
Accounts payable	Communications Intelligent Transportation	4,500	45,000
<b>Total</b>		<b>19,784,605</b>	<b>11,003,822</b>
Receipt in advance	New Energy Company	7,389	11,539
Receipt in advance	Xingjin Intelligent Parking Lot	–	5,522
<b>Total</b>		<b>7,389</b>	<b>17,061</b>
Contract liabilities	Communications Investment Intelligent Parking	617,416	–
Contract liabilities	Yanchang Shell	19,053	–
Contract liabilities	Chengdu Communications Investment	–	1,539,109
<b>Total</b>		<b>636,469</b>	<b>1,539,109</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## X. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (continued)

### 7. Balance of amounts receivable from and payable to related parties (continued)

#### (2) Payables (continued)

	Related party	31 December 2023	31 December 2022
Other non-current liabilities	Chengdu Expressway Construction (Note 1)	–	85,000,431
Lease liabilities	Chengdu Transportation Junction	<b>18,185,617</b>	6,267,414
Lease liabilities	Chengdu Chengnan Transportation	<b>1,873,507</b>	–
Lease liabilities	Chengdu Public Transport Group	<b>399,711</b>	–
Lease liabilities	Xinjin Lianxin Transportation	<b>330,986</b>	–
Lease liabilities	Chengdu Shiyang Transportation	<b>267,870</b>	–
Total		<b>21,057,691</b>	6,267,414

*Note 1:* For the term and interest rate of the borrowings between the Group and Chengdu Expressway Construction, please refer to Note V.30.

*Note 2:* For the term and interest rate of the Group's borrowing of RMB40,000,000 to Chengdu Communications Investment, please refer to Note X.5(5).

Except for the interest-bearing borrowings disclosed above, the remaining receivables and payables with related parties are non-interest-bearing and unsecured.

Certain related party transactions in respect of items 5(1), 5(2) and 5(3) above also constituted continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XI. COMMITMENTS AND CONTINGENT LIABILITIES

### 1. Commitments

	31 December 2023	31 December 2022
Capital commitments	84,860,553	117,036,638
Investment commitments	96,000,000	–
	<b>180,860,553</b>	117,036,638

In June 2023, Energy Development Company and Times Battery Services jointly established Battery Services-Communications Investment, please refer to Note VI.2 for details. Pursuant to the articles of association of Battery Services-Communications Investment, Energy Development Company subscribed a capital of RMB144,000,000, and as of 31 December 2023, Energy Development Company contributed RMB48,000,000 to the paid-in capital.

### 2. Contingent liabilities

#### *Lawsuit between Energy Development Company and Huaguan Industrial*

On 14 August 2014, Energy Development Company issued the “Letter of Undertakings on Solving Issues concerning Project Lands of Communications Investment Energy” (the “Undertaking”) to Huaguan Industrial, the then non-controlling shareholder of Communications Investment Energy. Pursuant to the Undertaking, Energy Development Company was going through land procedures for one petrol station (No. 3 station), and land construction procedures for one petrol station and one gas station through swap. Following issuance of the Undertaking, despite several rounds of resolution between the parties, the land procedures for the petrol stations and gas station failed to be completed. Based on the above situation, Huaguan Industrial filed a lawsuit against Energy Development Company to Chengdu Intermediate People’s Court in 2021, demanding Energy Development Company to 1) complete the construction land procedures for No. 3 station and help Communications Investment Energy to complete the state-owned land procedures; 2) identify lands for construction of one petrol station and one gas station within the administrative jurisdiction of Chengdu, and help Communications Investment Energy to complete the state-owned land procedures of the petrol station; and 3) compensate Huaguan Industrial for economic loss of RMB36,876,367.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XI. COMMITMENTS AND CONTINGENT LIABILITIES *(continued)*

### 2. Contingent liabilities *(continued)*

#### *Lawsuit between Energy Development Company and Huaguan Industrial (continued)*

On 11 August 2022, Chengdu Intermediate People's Court awarded a first-instance judgment, pursuant to which Energy Development Company shall not assume liability for compensation. Huaguan Industry appealed the first-instance judgement to the High People's Court of Sichuan Province which heard the case on 21 November 2022, and issued a civil ruling on 25 February 2023, pursuant to which the High People's Court of Sichuan Province considered that Energy Development Company and Huaguan Industrial constituted contractual relationship of rights and obligations, and the original judgment made a mistake in determining whether the contract has been established. Accordingly, the High People's Court of Sichuan Province revoked the judgment awarded by Chengdu Intermediate People's Court in August 2022, and remanded the case to Chengdu Intermediate People's Court for retrial. As the first and second claims of Huaguan Industrial are in substance unfulfillable, Huaguan Industrial thus changed its claims to the followings in April 2023: 1) demand the court to terminate the contractual relationship of rights and obligations between Huaguan Industrial and Energy Development Company; 2) demand Energy Development Company to compensate Huaguan Industrial economic loss of RMB65,039,200; and 3) demand Energy Development Company to bear in full the litigation fee incurred in the case.

On 19 September 2023, Chengdu Intermediate People's Court made the first-instance judgment on the above case, in which the court held that the legal claims of Huaguan Industry lacked factual and legal basis and could not be substantiated in accordance with the laws, and were thus rejected.

On 26 September 2023, Huaguan Industry appealed the aforesaid judgment to the High People's Court of Sichuan Province, which held a hearing on 29 November 2023, and as at the Reporting Date, no judgement has been awarded by the High People's Court of Sichuan Province on the case.

Based on the advice of legal advisor and the first-instance judgment of Chengdu Intermediate People's Court, the management believes that the Undertaking was only intended as an expected work plan commitment made as a shareholder of Communications Investment Energy to facilitate the resolution of the issues of Communications Investment Energy, and it did not assume any responsibility. Even if the court determines the existence of a contractual relationship between Energy Development Company and Huaguan Industrial, Energy Development Company is only obligated to assist in site selection and coordinate with government departments. Furthermore, Energy Development Company has not breached any obligations, and the failure to complete the petrol stations in the later stage was due to policy reasons, which constitutes force majeure and is not caused by Energy Development Company's failure to fulfill its relevant obligations. Therefore, Energy Development Company should not bear any breach of contract liability. In conclusion, the Group did not make provision in this regard.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XI. COMMITMENTS AND CONTINGENT LIABILITIES *(continued)*

### 2. Contingent liabilities *(continued)*

#### *Lawsuit between Chengming Expressway Company and Xuyang Petrification*

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

Pursuant to the Agreements, amounts incurred from the change of nature of land use rights of two pairs and a total of four petrol and gas stations in Qionglai and Mingshan service areas, change of nature of land use rights of the petrol stations and gas stations in Pingle service area and construction of Pingle service area shall be paid by Xuyang Petrification. As of 31 December 2023, Xuyang Petrification had paid Chengming Expressway Company RMB6,833,248 for change of nature of land use rights, and partially completed the construction of the petrol stations in Pingle service area, which, however, did not commence commercial operation. Xuyang Petrification failed to pay Chengming Expressway Company any amount for transfer (lease) of construction and operation right as agreed in the agreements. Chengming Expressway Company recognised the amount paid by Xuyang Petrification for change of nature of land use rights in other payables.

On 26 July 2022, Chengming Expressway Company received the counterclaim filed by Xuyang Petrification, claiming that the demand raised by Chengming Expressway Company to invalidate the Agreements has in effect rendered the fulfillment of the Agreements unrealistic, and requesting Chengming Expressway Company to compensate economic loss thus incurred to Xuyang Petrification in a total amount of RMB28,162,100.

On 20 April 2023, Xuyang Petrification modified its claims, and demanded the court to rule Chengming Expressway Company to 1) refund the land transfer consideration and tax payment of RMB6,249,506, as well as interest accrued on the occupied fund to Xuyang Petrification; and 2) compensate Xuyang Petrification for loss equivalent to the expected income from petrol stations in Pingle service area of RMB4,282,800, loss on construction expenditure of RMB2,966,700 and loss on land use right of the construction land of RMB6,261,200, totaling RMB13,510,700.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XI. COMMITMENTS AND CONTINGENT LIABILITIES *(continued)*

### 2. Contingent liabilities *(continued)*

#### *Lawsuit between Chengming Expressway Company and Xuyang Petrification (continued)*

On 13 June 2023, the Jianyang People's Court awarded the judgement, pursuant to which, 1) Chengming Expressway Company and Xuyang Petrification shall rescind the Agreements, and Xuyang Petrification shall return Pingle service area to Chengming Expressway Company in its existing status; 2) Xuyang Petrification shall pay Chengming Expressway Company loss of interest accrued on occupied rental of RMB2,082,066; and 3) Chengming Expressway Company shall pay Xuyang Petrification land transfer consideration of RMB6,820,868 and interest accrued on such funds of RMB2,601,692, construction expenditure of RMB2,966,700 and loss equivalent to expected income of RMB4,282,800, totaling RMB16,672,060.

Chengming Expressway Company and Xuyang Petrification appealed to Chengdu Intermediate People's Court on 3 July 2023. As of the Reporting Date, no judgement has been awarded by Chengdu Intermediate People's Court. Considering that RMB6,833,248 has been accounted for in other payables, the management made provision of RMB7,756,746 based on the judgement on the lawsuit between Chengming Expressway Company and Xuyang Petrification.

## XII. EVENTS AFTER THE BALANCE SHEET DATE

The Group has no events after the balance sheet date that need to be disclosed during the year.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIII. OTHER EVENTS

### 1. Segment reporting

#### *Operating segment*

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

- (1) the expressway segment is responsible for the operation and management of expressways in mainland China;
- (2) the energy segment is responsible for the operation and management of petrol stations and gas stations in mainland China.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted total profit from continuing operations. The adjusted total profit from continuing operations is measured consistently with the Group's total profit from continuing operations except that investment income and head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets as they are managed on a group basis.

Segment liabilities exclude deferred tax liabilities and dividends payable as they are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the fair prices used for sales made to third parties.



# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIII. OTHER EVENTS (continued)

### 1. Segment reporting (continued)

Operating segment (continued)

2023

	Expressway segment	Energy segment	Adjustment and eliminations	Total
Revenue from external customers	1,593,531,284	1,300,509,697	–	2,894,040,981
Revenue from inter-segment transactions	1,085,855	3,098,071	(4,183,926)	–
External transaction costs	729,001,204	1,122,989,376	–	1,851,990,580
Investment income from joint ventures and associates	14,027,766	11,985,060	–	26,012,826
Credit impairment loss	11,571,837	1,086,932	–	12,658,769
Depreciation and amortization	354,927,292	30,957,219	(747,328)	385,137,183
Total profit	729,963,854	76,902,823	–	806,866,677
Income tax expense	115,824,389	27,875,589	990,310	144,690,288
Total assets	7,529,159,946	1,694,017,725	31,569,305	9,254,746,976
Total liabilities	3,590,823,544	166,227,506	195,371,779	3,952,422,829
Long-term equity investments in joint ventures and associates	123,870,576	398,689,761	–	522,560,337
Decrease in other non-current assets other than long-term equity investments	(579,553,063)	157,986,587	3,092,327	(418,474,149)

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIII. OTHER EVENTS (continued)

### 1. Segment reporting (continued)

#### Operating segment (continued)

2022

	Expressway segment	Energy segment	Adjustment and eliminations	Total
Revenue from external customers	1,304,595,516	1,292,027,478	–	2,596,622,994
Revenue from inter-segment transactions	1,093,830	317,128	(1,410,958)	–
External transaction costs	638,294,256	1,087,261,367	–	1,725,555,623
Investment income from joint ventures and associates	17,568,910	7,906,562	–	25,475,472
Credit impairment loss	(1,690,758)	52,155,598	–	50,464,840
Asset impairment loss	(16,578,653)	–	–	(16,578,653)
Depreciation and amortization	287,538,103	27,384,120	(627,999)	314,294,224
Total profit	532,422,484	139,839,471	–	672,261,955
Income tax expense	87,293,963	17,429,771	7,155,088	111,878,822
Total assets	7,751,198,879	1,389,075,348	28,476,978	9,168,751,205
Total liabilities	3,951,757,274	57,021,962	200,353,773	4,209,133,009
Long-term equity investments in joint ventures and associates	125,686,347	327,458,570	–	453,144,917
Decrease in other non-current assets other than long-term equity investments	(125,503,832)	(23,706,921)	(1,606,048)	(150,816,801)

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIII. OTHER EVENTS (continued)

### 1. Segment reporting (continued)

#### Other information

#### Information about products and services

Revenue from external customers

	2023	2022
Toll income	<b>1,470,432,380</b>	1,211,781,245
Revenue from sales of refined oil	<b>1,269,066,964</b>	1,267,936,625
Revenue from operation and management services	<b>70,426,406</b>	60,447,722
Revenue from maintenance services	<b>17,299,626</b>	13,719,875
Revenue from convenience stores	<b>17,372,516</b>	18,381,630
Rental income	<b>13,333,907</b>	11,109,357
Traffic volume compensation for operation suspension at a toll station	<b>13,283,433</b>	8,659,285
Revenue from construction services	<b>12,058,159</b>	–
Forward traffic volume compensation	<b>3,697,111</b>	–
Others	<b>7,070,479</b>	4,587,255
Total	<b>2,894,040,981</b>	2,596,622,994

#### Geographical information

The Group's revenue is generated from and its non-current assets are located in Mainland China to the exception of financial assets and deferred tax assets.

#### Information about major customers

The Group has a diverse customer base and no revenue derived from a single customer contributed to 10% or more of the total revenue of the Group.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIII. OTHER EVENTS (continued)

### 2. Remunerations of directors and supervisors and five highest paid employees

#### (1) Remunerations of directors and supervisors

Remunerations of directors and supervisors during the year are disclosed as follows:

	2023	2022
Fees	270,000	270,000
Other emoluments:		
Salaries, allowances and subsidies	1,577,976	2,117,730
Bonus	549,196	1,052,397
Pension insurance	197,827	253,480
Total	2,594,999	3,693,607

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIII. OTHER EVENTS (continued)

### 2. Remunerations of directors and supervisors and five highest paid employees (continued)

#### (1) Remunerations of directors and supervisors (continued)

The names of the directors and supervisors and their remunerations during the year are as follows:

#### 2023

	Fees	Salaries, allowances and subsidies	Bonus	Pension insurance	Total
Directors-Executive directors:					
Yang Tan	-	365,763	173,911	39,780	579,454
Luo Dan <sup>(1)</sup>	-	196,810	101,888	22,798	321,496
Ding Dapan	-	337,507	128,771	39,780	506,058
Xia Wei <sup>(2)</sup>	-	137,846	-	16,982	154,828
Directors-Non-executive directors:					
Yang Bin <sup>(5)</sup>	-	-	-	-	-
Wu Haiyan <sup>(5)</sup>	-	-	-	-	-
Supervisors:					
Jiang Yan <sup>(5)</sup>	-	-	-	-	-
Xu Jingxian	-	279,269	59,407	39,780	378,456
Chen Yong <sup>(3)</sup>	-	204,727	85,219	29,591	319,537
Zhang Yi <sup>(5)</sup>	-	-	-	-	-
Zhang Chengyi <sup>(5)</sup>	-	-	-	-	-
Zheng Lifang <sup>(4)</sup>	-	56,054	-	9,116	65,170
Independent directors:					
Leung Chi Hang					
Benson	150,000	-	-	-	150,000
Qian Yongjiu	60,000	-	-	-	60,000
Wang Peng	60,000	-	-	-	60,000
<b>Total</b>	<b>270,000</b>	<b>1,577,976</b>	<b>549,196</b>	<b>197,827</b>	<b>2,594,999</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIII. OTHER EVENTS *(continued)*

### 2. Remunerations of directors and supervisors and five highest paid employees *(continued)*

#### *(1) Remunerations of directors and supervisors (continued)*

*Note 1:* On 27 July 2023, Mr. Luo Dan resigned as an executive director.

*Note 2:* On 21 September 2023, Mr. Xia Wei was appointed as an executive director.

*Note 3:* In October 2023, Mr. Chen Yong resigned as a supervisor.

*Note 4:* In October 2023, Ms. Zheng Lifang was appointed as a supervisor.

*Note 5:* During the year, Mr. Yang Bin and Ms. Wu Haiyan, as non-executive directors, and Ms. Jiang Yan, Mr. Zhang Yi and Mr. Zhang Chengyi, as supervisors, did not receive remunerations in the Company.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIII. OTHER EVENTS (continued)

### 2. Remunerations of directors and supervisors and five highest paid employees (continued)

#### (1) Remunerations of directors and supervisors (continued)

2022

	Fees	Salaries, allowances and subsidies	Bonus	Pension insurance	Total
Directors-Executive directors:					
Zhang Dongmin	–	274,420	186,225	29,311	489,956
Wang Xiao	–	274,065	206,909	29,311	510,285
Luo Dan	–	338,058	159,271	39,082	536,411
Yang Tan	–	367,488	233,836	39,082	640,406
Ding Dapan	–	317,595	122,686	39,082	479,363
Directors-Non-executive directors:					
Xiao Jun	–	–	–	–	–
Yang Bin	–	–	–	–	–
Wu Haiyan	–	–	–	–	–
Supervisors:					
Jiang Yan	–	–	–	–	–
Zhang Yi	–	–	–	–	–
Wu Haiyan	–	–	–	–	–
Xu Jingxian	–	279,269	72,454	39,082	390,805
Zhang Jian	–	46,663	–	5,962	52,625
Chen Yong	–	220,172	71,016	32,568	323,756
Zhang Chengyi	–	–	–	–	–
Independent directors:					
Shu Wa Tung, Laurence	112,500	–	–	–	112,500
Ye Yong	45,000	–	–	–	45,000
Li Yuanfu	45,000	–	–	–	45,000
Leung Chi Hang Benson	37,500	–	–	–	37,500
Qian Yongjiu	15,000	–	–	–	15,000
Wang Peng	15,000	–	–	–	15,000
<b>Total</b>	<b>270,000</b>	<b>2,117,730</b>	<b>1,052,397</b>	<b>253,480</b>	<b>3,693,607</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIII. OTHER EVENTS *(continued)*

### 2. Remunerations of directors and supervisors and five highest paid employees *(continued)*

#### (1) *Remunerations of directors and supervisors (continued)*

There was no arrangement under which a director or supervisor waived or agreed to waive any remuneration during the year. No emoluments were paid by the Group to any of the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office. There was no other remuneration due to independent non-executive directors during the year (2022: nil).

#### (2) *Five highest paid employees*

An analysis of the headcounts of the five highest paid employees within the Group during the year is as follows:

#### Number of employees

	2023	2022
Directors	2	2
Non-director and non-supervisor	3	3
Total	5	5

Details of the directors' and supervisors' remuneration are set out above.



# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIII. OTHER EVENTS (continued)

### 2. Remunerations of directors and supervisors and five highest paid employees (continued)

#### (2) Five highest paid employees (continued)

Details of the remuneration of the above non-director and non-supervisor, highest paid employees are as follows:

	2023	2022
Salaries, allowances and subsidies	<b>987,548</b>	1,035,721
Bonus	<b>389,326</b>	532,146
Pension insurance	<b>112,547</b>	117,245
Total	<b>1,489,421</b>	1,685,112

Remunerations of the above non-director and non-supervisor, highest paid employees in 2023 and 2022 were below RMB1,000,000.

### 3. Corrections to previous accounting errors

In December 2019, the Company acquired the 51% equity interests in Chengming Expressway Company from Chengdu Expressway Construction, the parent company of the Company, at a consideration of RMB485,142,600. The 100% equity interests in Chengming Expressway Company were acquired by Chengdu Expressway Construction from an independent third party at a consideration of RMB842,700,000 in May 2019. At the time of the transaction, given that 1) parties to the acquisition were under common control of Chengdu Expressway Construction before and after the acquisition; 2) Chengdu Expressway Construction transferred the control over Chengming Expressway Company to the Company for business synergy with the Company's expressway business; and 3) Chengdu Expressway Construction has the intention to exercise long-term control over the Company and Chengming Expressway Company, the Company recorded the transaction as business combination under common control, and included Chengming Expressway Company into the scope of consolidation from the point of completion of acquisition.

In the process of applying for A-share listing on the main board of the Shanghai Stock Exchange, the Company revisited and reassessed the transaction according to the business combination under common control accounting. On 27 July 2023, upon approval by the board of directors of the Company, the Company recorded the transaction according to accounting principles of business combination not under common control, and made corresponding adjustments pursuant to the impairment testing results of goodwill and long-term equity investments as at the end of each reporting period.

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIII. OTHER EVENTS (continued)

### 3. Corrections to previous accounting errors (continued)

The above matter had the following material impacts on the financial statements:

*The Group*

	Before corrections to previous accounting errors  Closing balance of 2022/Amount incurred in 2022	Corrections to previous accounting errors  Business combination not under common control	After corrections to previous accounting errors  Closing balance of 2022/Amount incurred in 2022
Goodwill	34,025,910	41,624,710	75,650,620
Capital reserves	516,284,901	55,365,600	571,650,501
Unappropriated profit	1,527,160,528	(14,295,245)	1,512,865,283
Non-controlling interests	934,324,041	554,355	934,878,396
Asset impairment loss	-	(16,578,653)	(16,578,653)

	Before corrections to previous accounting errors  Opening balance of 2022	Corrections to previous accounting errors  Business combination not under common control	After corrections to previous accounting errors  Opening balance of 2022
Goodwill	34,025,910	58,203,363	92,229,273
Capital reserves	504,353,491	55,365,600	559,719,091
Unappropriated profit	1,308,271,876	2,283,408	1,310,555,284
Non-controlling interests	903,908,398	554,355	904,462,753

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIII. OTHER EVENTS (continued)

### 3. Corrections to previous accounting errors (continued)

The Company

	Before corrections to previous accounting errors  Closing balance of 2022/Amount incurred in 2022	Corrections to previous accounting errors Business combination not under common control	After corrections to previous accounting errors  Closing balance of 2022/Amount incurred in 2022
Long-term equity investments	2,919,082,148	42,388,499	2,961,470,647
Capital reserves	670,065,375	58,967,152	729,032,527
Unappropriated profit	1,163,061,424	(16,578,653)	1,146,482,771
Asset impairment loss	-	(16,578,653)	(16,578,653)

	Before corrections to previous accounting errors  Opening balance of 2022	Corrections to previous accounting errors Business combination not under common control	After corrections to previous accounting errors  Opening balance of 2022
Long-term equity investments	2,864,369,288	58,967,152	2,923,336,440
Capital reserves	670,065,375	58,967,152	729,032,527

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIV. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

### 1. Accounts receivable

An ageing analysis of accounts receivable is as follows:

	<b>31 December 2023</b>	31 December 2022
Within 1 year (inclusive of 1 year)	<b>9,610,306</b>	5,045,754
Less: Provision for bad debts of accounts receivable	-	-
<b>Total</b>	<b>9,610,306</b>	5,045,754

As at 31 December 2023, balance of accounts receivable of the Company primarily represented clearing toll receivable from Sichuan Intelligent of RMB9,118,338, accounting for 94.88%. As at 31 December 2022, balance of accounts receivable of the Company primarily represented clearing toll receivable from Sichuan Intelligent of RMB4,832,663, accounting for 95.78%. Upon assessment, the management considered that the accounts receivable of the Company are generally collected within one month, and therefore no bad debt was provided.

### 2. Other receivables

	<b>31 December 2023</b>	31 December 2022
Interest receivable	<b>10,399,242</b>	9,209,622
Dividend receivable	-	2,800,000
Other receivables	<b>103,166,428</b>	238,126,541
<b>Total</b>	<b>113,565,670</b>	250,136,163

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIV. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 2. Other receivables (continued)

An ageing analysis of other receivables is set out below:

	<b>31 December 2023</b>	31 December 2022
Within 1 year (inclusive of 1 year)	<b>51,985,998</b>	124,356,768
1 to 2 years (inclusive of 2 years)	<b>39,132,200</b>	60,241,787
2 to 3 years (inclusive of 3 years)	<b>1,500</b>	53,438,860
Over 3 years	<b>12,567,045</b>	609,441
	<b>103,686,743</b>	238,646,856
Less: Provision for bad debts of other receivables	<b>520,315</b>	520,315
Total	<b>103,166,428</b>	238,126,541

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIV. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 2. Other receivables (continued)

2023

	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision made on an individual basis	520,315	0.50	520,315	100.00	-
Provision made on a collective basis using portfolios with similar credit risk features	103,166,428	99.50	-	-	103,166,428
<b>Total</b>	<b>103,686,743</b>	<b>100.00</b>	<b>520,315</b>		<b>103,166,428</b>

2022

	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision made on an individual basis	520,315	0.22	520,315	100.00	-
Provision made on a collective basis using portfolios with similar credit risk features	238,126,541	99.78	-	-	238,126,541
<b>Total</b>	<b>238,646,856</b>	<b>100.00</b>	<b>520,315</b>		<b>238,126,541</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIV. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 2. Other receivables (continued)

Other receivables with provision made on an individual basis are set out below:

	2023				2022	
	Book balance	Bad debt provision	Provision ratio (%)	Reason for provision	Book balance	Bad debt provision
Chengdu Zihao Decoration Engineering Company	344,101	344,101	100.00	Long age and not expected to be recoverable	344,101	344,101
Chengdu Xinshiyu Co.,Ltd.	100,000	100,000	100.00	Long age and not expected to be recoverable	100,000	100,000
Chengdu Yinxing Greening Engineering Company	76,214	76,214	100.00	Long age and not expected to be recoverable	76,214	76,214
Total	520,315	520,315			520,315	520,315

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIV. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 2. Other receivables (continued)

Movements in the book balance and the respective bad debt provision recognised for the 12-month expected credit loss and the lifetime expected credit loss on other receivables are set out below:

#### 31 December 2023

	Stage I 12-month expected credit loss	Stage III Credit-impaired financial assets (lifetime)	Subtotal
Opening/closing balance	–	520,315	520,315

#### 31 December 2022

	Stage I 12-month expected credit loss	Stage III Credit-impaired financial assets (lifetime)	Subtotal
Opening/closing balance	–	520,315	520,315



# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIV. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 2. Other receivables (continued)

Movements of bad debt provided for other receivables are set out below:

	Opening balance	Provision during the year	Written-off during the year	Closing balance
<b>2023</b>	<b>520,315</b>	–	–	<b>520,315</b>
2022	520,315	–	–	520,315

Other receivables by nature are as follows:

	31 December 2023	31 December 2022
Related-party borrowings within the consolidated scope <sup>(Note)</sup>	<b>53,438,860</b>	228,656,388
Forward traffic volume compensation	<b>42,667,000</b>	–
Permanent land occupation compensation	<b>3,002,610</b>	–
Traffic volume compensation for operation suspension at a toll station	<b>2,601,000</b>	8,919,064
Deposits	<b>445,601</b>	445,601
Related-party transactions outside the consolidated scope	<b>199,047</b>	199,047
Others	<b>1,332,625</b>	426,756
	<b>103,686,743</b>	238,646,856

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIV. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 2. Other receivables (continued)

*Note:* Related-party borrowings within the consolidated scope represent loans granted by the Company to its subsidiaries, including Xinyuanli Energy, Energy Development Company and Chengming Expressway Company.

On 29 June 2022, the Group extended loan of RMB20,000,000 to Xinyuanli Energy for a term of one year from the date of actual withdrawal at an annual interest rate of 3.9% with interest repayable on a quarterly basis and principal repayable upon maturity. As of 31 December 2023, Xinyuanli Energy has repaid the principal and interest of the loan in full (31 December 2022: RMB20,023,833).

On 30 December 2020, 12 November 2021 and 4 January 2022, the Company extended loans of RMB40,000,000, RMB60,000,000 and RMB60,000,000, respectively, to Energy Development Company for a term of two years from the date of actual withdrawal at an annual interest rate of 1-year LPR minus 10 base points prevailing at the date of agreements subject to adjustment based on the LPR minus 10 base points preceding the interest adjustment date every six months. Interests shall be repayable on a quarterly basis and principal shall be repayable upon maturity. In December 2022, Energy Development Company repaid principal of the loan of RMB40,000,000. In August 2023, Energy Development Company repaid the principal of the loan of RMB120,000,000, and repaid all interest in 2023. As of 31 December 2023, Energy Development Company had no principal and interest of loan from the Company (31 December 2022: RMB120,163,750). Pursuant to the loan agreements, the Company shall have the right to demand early repayment from Energy Development Company based on its actual operating condition. Therefore, the loans were included in current assets.

On 10 January 2020 and 20 January 2020, the Company extended loans of RMB310,000,000 and RMB83,750,600, respectively, to Chengming Expressway Company for a term of five years from the date of receipt at an annual interest rate of five-year loan interest rate published by the People's Bank of China. Interests shall be repayable in installments and principal shall be repayable upon maturity. In June 2020, Chengming Expressway Company repaid RMB346,719,930. Pursuant to the loan agreements, the Company shall have the right to demand early repayment from Chengming Expressway Company based on its actual operating condition. Therefore, the loans were included in current assets. On 17 June 2022, the Company extended loan of RMB35,000,000 to Chengming Expressway Company for a term of one year from the date of receipt at an annual interest rate of 2.8% with interest and principal repayable in one lump sum upon maturity. In 2023, Chengming Expressway Company repaid interest and principal of the loan of RMB37,749,540 to the Company. As at 31 December 2023, the principal and interest of the loans granted to Chengming Expressway Company totaled RMB53,438,860 (31 December 2022: RMB88,468,805).

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIV. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 2. Other receivables (continued)

Set out below are other receivables due from the top five debtors as at 31 December 2023:

	Closing balance	Proportion of the balance of other receivables (%)	Nature	Ageing	Closing balance of bad debt provision
Chengming Expressway Company	53,438,860	51.54	Related-party borrowings within the consolidated scope	Within 1 year, 1 to 2 years, over 3 years	-
Xihui Investment	48,514,056	46.79	Forward traffic volume compensation, permanent land occupation compensation and compensation for operation suspension at a toll station	Within 1 year	-
Chengdu Zihao Decoration Engineering Company	344,101	0.33	Deposits	Over 3 years	344,101
Communications Assets Management	199,047	0.19	Trade amounts	1 to 2 years	-
Chengdu Xinshiyu Co., Ltd.	100,000	0.10	Deposits	Over 3 years	100,000
<b>Total</b>	<b>102,596,064</b>	<b>98.95</b>			<b>444,101</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIV. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 2. Other receivables (continued)

Set out below are other receivables due from the top five debtors as at 31 December 2022:

	Closing balance	Proportion of the balance of other receivables (%)	Nature	Ageing	Closing balance of bad debt provision
Energy Development Company	120,163,750	50.35	Related-party borrowings within the consolidated scope	Within 1 year, 1 to 2 years, 2 to 3 years	–
Chengming Expressway Company	88,468,805	37.07	Related-party borrowings within the consolidated scope	Within 1 year, 2 to 3 years	–
Xinyuanli Energy	20,023,833	8.39	Related-party borrowings within the consolidated scope	Within 1 year	–
Xihui Investment	8,919,064	3.74	Traffic volume compensation for operation suspension at a toll station	Within 1 year	–
Chengdu Zihao Decoration Engineering Company	344,101	0.14	Deposits	Over 3 years	344,101
<b>Total</b>	<b>237,919,553</b>	<b>99.69</b>			<b>344,101</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIV. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term equity investments

2023

	Movements during the year					Closing balance	Provision for impairment at the end of the year
	Opening balance	Additional investment	Investment income or loss under the equity method	Cash dividend declared	Provision for impairment		
Subsidiaries							
Chengwenqiong Expressway Company	755,552,237	-	-	-	-	755,552,237	-
Chengpeng Expressway Company	680,935,943	-	-	-	-	680,935,943	-
Chengdu Airport Expressway Company	201,484,177	-	-	-	-	201,484,177	-
Chengming Expressway Company	485,142,600	-	-	-	-	485,142,600	(16,578,653)
Operation Company	20,000,000	-	-	-	-	20,000,000	-
Zhenxing Company	80,000,000	-	-	-	-	80,000,000	-
Energy Development Company	629,247,996	222,047,279	-	-	-	851,295,275	-
Subtotal	2,852,362,953	222,047,279	-	-	-	3,074,410,232	(16,578,653)
Associate							
Chengbei Exit Expressway Company	125,686,347	-	14,027,766	(15,843,537)	-	123,870,576	-
Total	2,978,049,300	222,047,279	14,027,766	(15,843,537)	-	3,198,280,808	(16,578,653)

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIV. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term equity investments (continued)

2022

	Movements during the year					Closing balance	Provision for impairment at the end of the year
	Opening balance	Additional investment	Investment income or loss under the equity method	Cash dividend declared	Provision for impairment		
Subsidiaries							
Chengwenqiong Expressway Company	755,552,237	-	-	-	-	755,552,237	-
Chengpeng Expressway Company	680,935,943	-	-	-	-	680,935,943	-
Chengdu Airport Expressway Company	201,484,177	-	-	-	-	201,484,177	-
Chengming Expressway Company	485,142,600	-	-	-	(16,578,653)	485,142,600	(16,578,653)
Operation Company	20,000,000	-	-	-	-	20,000,000	-
Zhenxing Company	80,000,000	-	-	-	-	80,000,000	-
Energy Development Company	572,555,083	56,692,913	-	-	-	629,247,996	-
<b>Subtotal</b>	<b>2,795,670,040</b>	<b>56,692,913</b>	<b>-</b>	<b>-</b>	<b>(16,578,653)</b>	<b>2,852,362,953</b>	<b>(16,578,653)</b>
Associate							
Chengbei Exit Expressway Company	127,666,400	-	17,568,910	(19,548,963)	-	125,686,347	-
<b>Total</b>	<b>2,923,336,440</b>	<b>56,692,913</b>	<b>17,568,910</b>	<b>(19,548,963)</b>	<b>(16,578,653)</b>	<b>2,978,049,300</b>	<b>(16,578,653)</b>

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIV. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 3. Long-term equity investments (continued)

Provision for impairment of long-term equity investments:

2023

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Chengming Expressway Company	16,578,653	–	–	16,578,653

2022

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Chengming Expressway Company	–	16,578,653	–	16,578,653

### 4. Revenue and operating cost

	2023		2022	
	Revenue	Cost	Revenue	Cost
Principal business	474,844,867	188,042,132	386,896,336	170,186,660
Other business	34,852,100	15,878,280	22,999,539	14,227,303
Total	509,696,967	203,920,412	409,895,875	184,413,963

# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIV. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 4. Revenue and operating cost (continued)

A breakdown of revenue is as follows:

	2023	2022
Major types of revenue		
Toll income	<b>412,444,388</b>	330,325,997
Revenue from operation and management services	<b>62,400,479</b>	56,570,340
Revenue from maintenance services	<b>17,299,626</b>	13,719,875
Revenue from traffic volume compensation for operation suspension at a toll station	<b>13,283,433</b>	8,659,285
Revenue from forward traffic volume compensation	<b>3,697,111</b>	–
Revenue from lease	<b>570,204</b>	615,918
Others	<b>1,726</b>	4,460
Total	<b>509,696,967</b>	409,895,875
Time of recognition of revenue		
At a point in time	<b>429,745,740</b>	344,050,332
Over time	<b>79,951,227</b>	65,845,543
Total	<b>509,696,967</b>	409,895,875



# NOTES TO FINANCIAL STATEMENTS

2023 Unit: RMB

## XIV. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

### 4. Revenue and operating cost (continued)

A breakdown of operating costs is as follows:

Reportable segment	2023	2022
Major types of costs		
Toll costs	<b>125,121,318</b>	115,006,938
Operation and management costs	<b>62,920,814</b>	55,179,722
Maintenance costs	<b>15,636,567</b>	13,985,899
Cost of asset leasing	<b>241,713</b>	241,404
Total	<b>203,920,412</b>	184,413,963
Time of recognition of revenue		
At a point in time	<b>140,757,885</b>	128,992,837
Over time	<b>63,162,527</b>	55,421,126
Total	<b>203,920,412</b>	184,413,963

### 5. Investment income

	2023	2022
Income from long-term equity investments under cost method	<b>278,470,146</b>	357,444,687
Income from long-term equity investments under equity method	<b>14,027,766</b>	17,568,910
Distribution on other non-current financial assets	<b>525,800</b>	2,800,000
Total	<b>293,023,712</b>	377,813,597

# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Mr. Yang Tan (*Chairman of the Board and General Manager*)  
Mr. Xia Wei  
Mr. Ding Dapan

### Non-executive Director

Ms. Wu Haiyan

### Independent non-executive Directors

Mr. Leung Chi Hang Benson  
Mr. Qian Yongjiu  
Mr. Wang Peng

## JOINT COMPANY SECRETARIES

Mr. Zhang Guangwen  
Ms. Kwong Yin Ping, Yvonne

## AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Leung Chi Hang Benson (*Chairman*)  
Ms. Wu Haiyan  
Mr. Wang Peng

## NOMINATION COMMITTEE

Mr. Qian Yongjiu (*Chairman*)  
Mr. Yang Tan  
Mr. Wang Peng

## REMUNERATION AND EVALUATION COMMITTEE

Mr. Wang Peng (*Chairman*)  
Ms. Wu Haiyan  
Mr. Qian Yongjiu

## STRATEGY AND DEVELOPMENT COMMITTEE

Mr. Yang Tan (*Chairman*)  
Mr. Leung Chi Hang Benson  
Mr. Qian Yongjiu

## SUPERVISORY COMMITTEE

Ms. Jiang Yan (*Chairlady*)  
(*Shareholder representative Supervisor*)  
Mr. Zhang Chengyi  
(*Shareholder representative Supervisor*)  
Mr. Zhang Yi (*Shareholder representative Supervisor*)  
Ms. Xu Jingxian (*employee representative Supervisor*)  
Ms. Zheng Lifang (*employee representative Supervisor*)

## AUTHORISED REPRESENTATIVES

Mr. Yang Tan  
Mr. Zhang Guangwen

## AUDITOR

Ernst & Young Hua Ming LLP  
*Recognised Public Interest Entity Auditor*

## LEGAL ADVISERS

**As to Hong Kong Law:**  
DLA Piper Hong Kong

**As to PRC Law:**  
Tahota Law Firm (泰和泰律師事務所)

# CORPORATE INFORMATION

## H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17/F  
Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

## PRINCIPAL BANKS

Bank of China  
Chengdu Shudu Branch

China Construction Bank  
Chengdu No.1 Sub-branch

Industrial and Commercial Bank  
Sichuan Chengdu Wuhouci Branch

## REGISTERED OFFICE

9th Floor, Youyi Data Building  
No. 28 Jingyuan East Road  
Deyuan town (Jingrong town)  
Pidu District  
Chengdu, Sichuan  
PRC

## PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN THE PRC

9th Floor, Chengnan Tianfu Building  
No. 66 Shenghe 1st Road, High-Tech Zone  
Chengdu, Sichuan  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre  
No. 248 Queen's Road East  
Wanchai  
Hong Kong

## INVESTOR RELATIONS

Email: [cggfdb@chengdugs.com](mailto:cggfdb@chengdugs.com)  
Tel: 86 28 86056036

## LISTING PLACE

The Stock Exchange of Hong Kong Limited  
Stock abbreviation: CHENGDU EXPWAY  
Stock Code: 1785

## WEBSITE

[www.chengdugs.com](http://www.chengdugs.com)