

*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.*



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

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

(Stock Code: 00107)

**2023 ANNUAL RESULTS ANNOUNCEMENT**

**HIGHLIGHTS**

- Net revenue increased by approximately 11.15% to approximately RMB11,580,867,000
- Profit attributable to owners of the Company increased by approximately 89.95% to approximately RMB1,190,814,000
- Earnings per share increased by approximately 89.76% to approximately RMB0.389
- Proposed payment of 2023 final cash dividend of RMB0.24 (tax inclusive) (2022: RMB0.10 (tax inclusive)) per share

The Board announces the audited consolidated results of the Group for the year ended 31 December 2023, prepared in accordance with Hong Kong Financial Reporting Standards (as stated in details in note 2.1 to the consolidated financial statements), together with comparative figures for last year as follows (the data herein are presented in RMB except where otherwise indicated).

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

*Year ended 31 December 2023*

	<i>Notes</i>	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
<b>REVENUE</b>	3, 4	<b>11,580,867</b>	10,419,377
Cost of sales		<u>(8,731,743)</u>	<u>(8,434,328)</u>
<b>Gross profit</b>		<b>2,849,124</b>	1,985,049
Other income and gains	4	<b>252,866</b>	402,612
Administrative expenses		<b>(608,255)</b>	(391,985)
Other expenses		<b>(32,741)</b>	(70,218)
Finance costs	5	<b>(937,869)</b>	(1,030,568)
Share of profits and losses of:			
Joint ventures		<b>7,523</b>	8,880
Associates		<u><b>38,660</b></u>	<u>23,271</u>
<b>PROFIT BEFORE TAX</b>	6	<b>1,569,308</b>	927,041
Income tax expense	7	<u><b>(302,540)</b></u>	<u>(247,880)</u>
<b>PROFIT FOR THE YEAR</b>		<b>1,266,768</b>	679,161
Attributable to:			
Owners of the Company		<b>1,190,814</b>	626,897
Non-controlling interests		<u><b>75,954</b></u>	<u>52,264</u>
		<u><b>1,266,768</b></u>	<u>679,161</u>

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i> (Restated)
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		<b>(5,464)</b>	13,373
Income tax effect		<b>1,095</b>	(1,601)
		<u>(4,369)</u>	<u>11,772</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>			
		<u>(4,369)</u>	<u>11,772</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			
		<u><b>1,262,399</b></u>	<u>690,933</u>
Attributable to:			
Owners of the Company		<b>1,186,499</b>	639,135
Non-controlling interests		<b>75,900</b>	51,798
		<u><b>1,262,399</b></u>	<u>690,933</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
– Basic and diluted	8	<u><b>RMB0.389</b></u>	<u>RMB0.205</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i> (Restated)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>991,823</b>	840,044
Service concession arrangements	9	<b>49,645,595</b>	46,332,783
Right-of-use assets		<b>278,395</b>	317,762
Goodwill		–	7,583
Investments in joint ventures		<b>27,287</b>	128,796
Investments in associates		<b>474,101</b>	472,804
Equity investments designated at fair value through other comprehensive income		<b>87,769</b>	93,233
Financial assets at fair value through profit or loss		<b>34,017</b>	28,777
Trade and other receivables	10	<b>1,539,212</b>	–
Payments in advance		<b>1,331,346</b>	426,785
Deferred tax assets		<b>112,259</b>	109,574
Due from the ultimate holding company		–	2,200,000
Restricted deposits		<b>128</b>	112
		<hr/>	<hr/>
Total non-current assets		<b>54,521,932</b>	50,958,253
<b>CURRENT ASSETS</b>			
Inventories		<b>119,821</b>	30,076
Trade and other receivables	10	<b>1,015,838</b>	2,536,192
Due from the ultimate holding company		–	86,278
Financial assets at fair value through profit or loss		<b>366</b>	365
Cash and cash equivalents		<b>1,982,830</b>	2,587,976
		<hr/>	<hr/>
Total current assets		<b>3,118,855</b>	5,240,887

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i> (Restated)
<b>CURRENT LIABILITIES</b>			
Tax payable		<b>91,211</b>	144,957
Trade and other payables	11	<b>2,819,312</b>	2,097,633
Contract liabilities		<b>19,569</b>	9,136
Due to the ultimate holding company		–	103,877
Interest-bearing bank and other borrowings	12	<b>3,387,660</b>	2,365,977
		<u><b>6,317,752</b></u>	<u>4,721,580</u>
<b>NET CURRENT (LIABILITIES)/ ASSETS</b>			
		<u><b>(3,198,897)</b></u>	<u>519,307</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u><b>51,323,035</b></u>	<u>51,477,560</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	12	<b>34,393,017</b>	29,587,662
Deferred tax liabilities		<b>2,245</b>	1,319
Deferred income	11	<b>254,492</b>	277,792
		<u><b>34,649,754</b></u>	<u>29,866,773</u>
Total non-current liabilities		<u><b>34,649,754</b></u>	<u>29,866,773</u>
Net assets		<u><b>16,673,281</b></u>	<u>21,610,787</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the company</b>			
Issued capital	13	<b>3,058,060</b>	3,058,060
Reserves	14	<b>12,615,258</b>	17,637,565
		<u><b>15,673,318</b></u>	<u>20,695,625</u>
Non-controlling interests		<u><b>999,963</b></u>	<u>915,162</u>
Total equity		<u><b>16,673,281</b></u>	<u>21,610,787</u>

## NOTES TO FINANCIAL STATEMENTS

31 December 2023

### 1. CORPORATE AND GROUP INFORMATION

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

During the year, the Company and its subsidiaries (the “**Group**”) were involved in the following principal activities:

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

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

## 2. ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and certain equity investments which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

As disclosed in note 15, a business combination under common control was effected during the current year, where the business acquired in the business combination and the Company are both controlled by Shudao Investment, the ultimate holding company of the Company.

To consistently apply the Group’s accounting policy for common control business combinations, the acquisition has been accounted for based on the principles of merger accounting in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” (“**AG 5**”) issued by the HKICPA as if the acquisition had occurred when Sichuan Rongcheng Second Ring Expressway Development Co., Ltd (“**Rongcheng Second Ring Company**”) established by the ultimate holding company. Accordingly, the assets and liabilities acquired in the common control business combination have been stated at their carrying amounts as if they had been held or incurred by the Group from the later of the date on which the combining entity first came under the control of Shudao Investment or the relevant transactions giving rise to the assets or liabilities arose. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the acquisition by the Group.

Accordingly, the comparative figures of the consolidated financial statements have been restated.

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.1 BASIS OF PREPARATION (Continued)

#### *Going concern basis*

The Group had net current liabilities of RMB3,198,897,000 as at 31 December 2023 (31 December 2022 (restated): net current assets of RMB519,307,000). In view of the net current liabilities position, the board of directors has given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

Having considered the unutilised banking facilities, registered medium-term notes and cash flow projections for the year ending 31 December 2024, the directors are satisfied that the Group is able to meet in full its financial obligations as they fall due in the foreseeable future. Accordingly, the directors have prepared the consolidated financial statements on a going concern basis.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

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



## 2. ACCOUNTING POLICIES (CONTINUED)

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

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

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

## 2. ACCOUNTING POLICIES (CONTINUED)

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

(c) (continued)

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

*Impact on the consolidated statements of financial position:*

	<b>Increase/(decrease)</b>		
	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31 December</b>	<b>31 December</b>	<b>1 January</b>
	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Assets</b>			
Deferred tax assets (Note)	<u>1,935</u>	<u>2,470</u>	<u>1,233</u>
Total non-current assets	<u>1,935</u>	<u>2,470</u>	<u>1,233</u>
Total assets	<u><b>1,935</b></u>	<u><b>2,470</b></u>	<u><b>1,233</b></u>

## 2. ACCOUNTING POLICIES (CONTINUED)

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

(c) (continued)

*Impact on the consolidated statements of financial position: (continued)*

	<b>Increase/(decrease)</b>		
	<b>As at</b>	As at	As at
	<b>31 December</b>	31 December	1 January
	<b>2023</b>	2022	2022
	<b>RMB'000</b>	RMB'000	RMB'000
<b>Liabilities</b>			
Deferred tax liabilities (Note)	<u>559</u>	44	<u>(409)</u>
Total non-current liabilities	<u>559</u>	44	<u>(409)</u>
Total liabilities	<u><b>559</b></u>	<u>44</u>	<u>(409)</u>
Net assets	<u><b>1,376</b></u>	<u>2,426</u>	<u>1,642</u>
<b>Equity</b>			
Retained profits (included in reserves)	<u>1,518</u>	2,216	<u>1,642</u>
Equity attributable to owners of the Company	<u>1,518</u>	2,216	<u>1,642</u>
Non-controlling interests	<u>(142)</u>	210	<u>–</u>
Total equity	<u><b>1,376</b></u>	<u>2,426</u>	<u>1,642</u>

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

## 2. ACCOUNTING POLICIES (CONTINUED)

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

(c) (continued)

*Impact on the consolidated statements of profit or loss*

	Increase/(decrease)	
	For the year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Income tax expense	1,050	(784)
Profit for the year	<u>(1,050)</u>	<u>784</u>
Attributable to:		
Owners of the Company	(698)	574
Non-controlling interests	<u>(352)</u>	<u>210</u>
	<u>(1,050)</u>	<u>784</u>
Total comprehensive income for the year	<u>(1,050)</u>	<u>784</u>
Attributable to:		
Owners of the Company	(698)	574
Non-controlling interests	<u>(352)</u>	<u>210</u>
	<u>(1,050)</u>	<u>784</u>

The adoption of amendments to HKAS 12 did not have any material impact on the basic and diluted earnings per share attributable to ordinary equity holders of the Company, other comprehensive income and the consolidated statements of cash flows for the years ended 31 December 2023 and 2022.

## 2. ACCOUNTING POLICIES (CONTINUED)

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

- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

## 3. OPERATING SEGMENT INFORMATION

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

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

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

The senior management of the Company monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income on bank deposits, dividend income and other unallocated income and gains, as well as head office, corporate and other unallocated expenses are excluded from such measurement.

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

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

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

During the year ended 31 December 2023, the Group acquired 81% and 19% equity interests in Rongcheng Second Ring Company from Sichuan Shudao Expressway Group Co., Ltd. ("**Shudao Expressway**") and Sichuan Road & Bridge (Group) Corporation Ltd. ("**SRB Group**"), respectively. Rongcheng Second Ring Company manages and operates the Second Ring (Western) Expressway in Chengdu. Due to the business combination under common control and the adoption of amendments to HKAS 12, the operating segment information for the year ended 31 December 2023 and as at 31 December 2022 was restated.

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

#### Year ended 31 December 2023

	Expressways <i>RMB'000</i>	New Energy Technologies <i>RMB'000</i>	Transportation Services <i>RMB'000</i>	Transportation Logistics <i>RMB'000</i>	Construction Services <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>SEGMENT REVENUE</b>							
<i>(note 4)</i>	4,721,287	64,845	1,959,766	718,809	4,116,160	-	<u>11,580,867</u>
<b>SEGMENT RESULTS</b>	1,742,689	3,046	198,650	52,502	4,666	34,316	2,035,869
<b>Reconciliation:</b>							
Unallocated income and gains							119,120
Corporate and other unallocated expenses							<u>(585,681)</u>
Profit before tax							<u>1,569,308</u>
<b>SEGMENT ASSETS</b>	52,026,786	228,045	299,077	435,824	2,085,498	348,188	55,423,418
<b>Reconciliation:</b>							
Equity investments designated at fair value through other comprehensive income							87,769
Financial assets at fair value through profit or loss							34,383
Deferred tax assets							112,259
Restricted deposits							128
Cash and cash equivalents							<u>1,982,830</u>
Total assets							<u>57,640,787</u>

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

#### Year ended 31 December 2023 (continued)

	Expressways <i>RMB'000</i>	New Energy Technologies <i>RMB'000</i>	Transportation Services <i>RMB'000</i>	Transportation Logistics <i>RMB'000</i>	Construction Services <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>SEGMENT LIABILITIES</b>	39,064,874	115,153	111,502	75,025	1,573,637	25,070	40,965,261
<b>Reconciliation:</b>							
Deferred tax liabilities							2,245
Total liabilities							<u>40,967,506</u>
<b>OTHER SEGMENT INFORMATION</b>							
Share of profits and losses of associates	12,228	-	-	372	-	26,060	38,660
Share of profits and losses of joint ventures	7,523	-	-	-	-	-	7,523
Reversal of impairment loss on trade receivables	-	-	-	33,923	-	-	33,923
Finance costs	904,514	249	962	-	32,055	89	937,869
Depreciation and amortisation	1,286,118	9,006	13,310	490	6,476	309	1,315,709
Investments in associates	70,870	-	-	73,140	-	330,091	474,101
Investments in joint ventures	27,287	-	-	-	-	-	27,287
Capital expenditure*	<u>4,584,233</u>	<u>133,630</u>	<u>12,375</u>	<u>1,818</u>	<u>527</u>	<u>81</u>	<u>4,732,664</u>

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



### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

#### Year ended 31 December 2022

	Expressways <i>RMB'000</i> (Restated)	New Energy Technologies <i>RMB'000</i>	Transportation Services <i>RMB'000</i> (Restated)	Transportation Logistics <i>RMB'000</i>	Construction Services <i>RMB'000</i> (Restated)	Others <i>RMB'000</i>	Total <i>RMB'000</i> (Restated)
<b>SEGMENT REVENUE</b>							
<i>(note 4)</i>	3,765,241	11,665	1,972,737	322,397	4,193,062	154,275	<u>10,419,377</u>
<b>SEGMENT RESULTS</b>	885,125	975	145,956	20,252	72,022	87,994	1,212,324
<b>Reconciliation:</b>							
Gain on disposal of a subsidiary							10,660
Unallocated income and gains							104,000
Corporate and other unallocated expenses							<u>(399,943)</u>
Profit before tax							<u>927,041</u>
<b>SEGMENT ASSETS</b>	50,404,901	93,862	277,068	338,578	1,923,698	333,413	53,371,520
<b>Reconciliation:</b>							
Equity investments designated at fair value through other comprehensive income							93,233
Financial assets at fair value through profit or loss							29,142
Goodwill							7,583
Deferred tax assets							109,574
Restricted deposits							112
Cash and cash equivalents							<u>2,587,976</u>
Total assets							<u>56,199,140</u>

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

#### Year ended 31 December 2022 (continued)

	Expressways <i>RMB'000</i> (Restated)	New Energy Technologies <i>RMB'000</i>	Transportation Services <i>RMB'000</i> (Restated)	Transportation Logistics <i>RMB'000</i>	Construction Services <i>RMB'000</i> (Restated)	Others <i>RMB'000</i>	Total <i>RMB'000</i> (Restated)
<b>SEGMENT LIABILITIES</b>	33,093,223	11,483	98,231	28,076	1,336,839	19,182	34,587,034
<b>Reconciliation:</b>							
Deferred tax liabilities							1,319
Total liabilities							<u>34,588,353</u>
<b>OTHER SEGMENT INFORMATION</b>							
Share of profits and losses of associates	9,479	-	-	984	-	12,808	23,271
Share of profits and losses of joint ventures	8,880	-	-	-	-	-	8,880
Impairment loss on other receivables	-	-	-	(37,303)	-	-	(37,303)
Reversal of impairment loss on trade receivables	-	-	-	13,645	-	-	13,645
Finance costs	991,873	37,967	84	609	-	35	1,030,568
Depreciation and amortisation	1,194,846	2,254	13,961	2,129	7,385	2,131	1,222,706
Investments in associates	68,121	-	-	73,203	-	331,480	472,804
Investments in joint ventures	128,796	-	-	-	-	-	128,796
Capital expenditure*	<u>4,461,293</u>	<u>81,213</u>	<u>12,063</u>	<u>1,083</u>	<u>12,936</u>	<u>1,721</u>	<u>4,570,309</u>

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

#### *Geographical information*

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

#### *Information about major customers*

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

### 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
		(Restated)
<i>Revenue from contracts with customers</i>	<b>11,543,947</b>	10,237,544
<i>Revenue from other sources</i>		
Finance leasing	–	153,987
Commercial factoring	–	288
Gross rental income from operating leases:		
Other lease payments, including fixed payments	<u>36,920</u>	<u>27,558</u>
Subtotal	<u>36,920</u>	<u>181,833</u>
Total revenue	<u><b>11,580,867</b></u>	<u>10,419,377</u>

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

##### Revenue from contracts with customers

##### (a) Disaggregated revenue information

For the year ended 31 December 2023

##### Segments

	Expressways <i>RMB'000</i>	New Energy Technologies <i>RMB'000</i>	Transportation Services <i>RMB'000</i>	Transportation Logistics <i>RMB'000</i>	Construction Services <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Types of goods or services</b>						
Toll income	4,721,287	-	-	-	-	4,721,287
Construction services	-	-	-	-	4,116,160	4,116,160
Sale of products	-	32,273	1,871,550	718,809	-	2,622,632
Charging services for electric vehicles	-	32,572	-	-	-	32,572
Others	-	-	51,296	-	-	51,296
Total	<u>4,721,287</u>	<u>64,845</u>	<u>1,922,846</u>	<u>718,809</u>	<u>4,116,160</u>	<u>11,543,947</u>

##### Geographical market

Revenues under HKFRS 15 are all generated in Chinese Mainland.

##### Timing of revenue recognition

At a point in time	4,721,287	64,845	1,922,846	718,809	-	7,427,787
Over time	-	-	-	-	4,116,160	4,116,160
Total	<u>4,721,287</u>	<u>64,845</u>	<u>1,922,846</u>	<u>718,809</u>	<u>4,116,160</u>	<u>11,543,947</u>

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

### Revenue from contracts with customers (continued)

#### (a) Disaggregated revenue information (continued)

For the year ended 31 December 2022

#### Segments

	Expressways <i>RMB'000</i> (Restated)	New Energy Technologies <i>RMB'000</i>	Transportation Services <i>RMB'000</i>	Transportation Logistics <i>RMB'000</i>	Construction Services <i>RMB'000</i> (Restated)	Total <i>RMB'000</i> (Restated)
<b>Types of goods or services</b>						
Toll income	3,765,241	-	-	-	-	3,765,241
Construction services	-	-	-	-	4,193,062	4,193,062
Sale of products	-	2,885	1,889,699	322,397	-	2,214,981
Charging services for electric vehicles	-	8,780	-	-	-	8,780
Others	-	-	55,480	-	-	55,480
Total	<u>3,765,241</u>	<u>11,665</u>	<u>1,945,179</u>	<u>322,397</u>	<u>4,193,062</u>	<u>10,237,544</u>

#### Geographical market

Revenues under HKFRS 15 are all generated in Chinese Mainland.

#### Timing of revenue recognition

At a point in time	3,765,241	11,665	1,945,179	322,397	-	6,044,482
Over time	-	-	-	-	4,193,062	4,193,062
Total	<u>3,765,241</u>	<u>11,665</u>	<u>1,945,179</u>	<u>322,397</u>	<u>4,193,062</u>	<u>10,237,544</u>

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

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

##### (a) *Disaggregated revenue information (continued)*

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	7,496	–
Charging services	<u>1,640</u>	<u>–</u>
Total	<u><u>9,136</u></u>	<u><u>–</u></u>

##### (b) *Performance obligations*

Information about the Group's performance obligations is summarised below:

##### *Toll income*

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

##### *Sale of products*

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

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

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

##### *(b) Performance obligations (continued)*

###### *Construction services*

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days to 13 years from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

###### *Charging services for electric vehicles*

The performance obligation is satisfied upon the completion of the electricity transmitted.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	<b>3,887,838</b>	5,192,259
After one year	<b>5,263,648</b>	7,976,069
Total	<b><u>9,151,486</u></b>	<u>13,168,328</u>

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

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

	<i>Notes</i>	<b>2023</b> <b><i>RMB'000</i></b>	2022 <i>RMB'000</i> (Restated)
<b>Other income</b>			
Interest income from bank deposits		<b>62,329</b>	57,028
Interest income from funds under centralised management		<b>115</b>	1,009
Interest income from discontinuing long term compensation receivables		<b>426</b>	1,885
Interest income arising from construction contracts		<b>29,303</b>	109,846
Interest income from loans to the ultimate holding company		<b>28,475</b>	108,266
Interest income from loans to a related party		<b>1,868</b>	5,924
Rental income from operating leases of other lease payments, including fixed payments		<b>2,904</b>	4,409
Government grants*		<b>36,058</b>	36,906
Dividend income from equity investments designated at fair value through other comprehensive income		<b>7,612</b>	7,130
Dividend income from financial assets at fair value through profit or loss		<b>27</b>	13
Road damage compensation income		<b>26,612</b>	34,132
Others		<b>10,828</b>	4,648
		<hr/> <b>206,557</b>	<hr/> 371,196
Total other income		<b>206,557</b>	371,196



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

	<i>Notes</i>	<b>2023</b> <b><i>RMB'000</i></b>	2022 <i>RMB'000</i> (Restated)
<b>Gains</b>			
Gain on disposal of financial assets at fair value through profit or loss		–	22
Gain on disposal of a subsidiary		–	10,660
Gain on disposal of right-of-use assets		<b>144</b>	–
Fair value gain on derivative financial instruments		–	3,448
Fair value gain on financial assets at fair value through profit or loss		<b>5,241</b>	–
Fair value gain on remeasurement of a previously held equity interest in a joint venture at the date of business combination		–	3,641
Reversal of impairment loss on trade receivables	10(a)	<b>33,923</b>	13,645
Gain on liquidation of an associate		<b>7,001</b>	–
		<hr/>	<hr/>
Total gains		<b>46,309</b>	31,416
		<hr/>	<hr/>
Total other income and gains		<b>252,866</b>	402,612
		<hr/> <hr/>	<hr/> <hr/>

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

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i> (Restated)
Interest on bank and other borrowings	<b>1,322,631</b>	1,333,207
Interest on super short-term commercial papers	<b>2,354</b>	–
Interest on medium-term notes	<b>52,814</b>	53,315
Interest on lease liabilities	<b>6,337</b>	6,716
Guarantee fees	–	47,339
	<hr/>	<hr/>
Subtotal	<b>1,384,136</b>	1,440,577
Less:		
Interest capitalised in respect of		
Service concession arrangements ( <i>note 9(d)</i> )	<b>(446,267)</b>	(329,568)
Interest recorded under cost of sales	–	(80,441)
	<hr/>	<hr/>
Total	<b><u>937,869</u></b>	<b><u>1,030,568</u></b>
Interest rate of borrowing costs capitalised	<b><u>3.57%-3.75%</u></b>	<b><u>3.57%-3.92%</u></b>

## 6. PROFIT BEFORE TAX

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

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i> (Restated)
Employee benefit expenses (including directors', chief executive's and supervisors' remuneration):			
Wages and salaries		<b>703,179</b>	629,441
Pension scheme contributions*			
– Defined contribution fund		<b>104,716</b>	98,750
Housing fund*			
– Defined contribution fund		<b>72,265</b>	67,539
Supplementary pension scheme*			
– Defined contribution fund		<b>25,990</b>	25,592
Other staff benefits		<b>157,415</b>	145,014
		<hr/> <b>1,063,565</b>	<hr/> 966,336
Employee benefit expense**			
Depreciation of property, plant and equipment		<b>127,471</b>	119,345
Amortisation of service concession arrangements		<b>1,127,157</b>	1,038,727
Depreciation of right-of-use assets		<b>61,081</b>	64,634
		<hr/> <b>1,315,709</b>	<hr/> 1,222,706
Depreciation and amortisation expenses**			
Construction costs in respect of:			
Service concession arrangements		<b>3,993,702</b>	4,083,039
Construction works performed for other parties		<b>108,837</b>	98,189
		<hr/> <b>4,102,539</b>	<hr/> 4,181,228
Construction costs**			

## 6. PROFIT BEFORE TAX (CONTINUED)

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i> (Restated)
Cost of product sales		<b>2,366,398</b>	2,010,025
Cost of finance lease operation		–	80,441
Cost of charging services		<b>17,538</b>	5,038
Repairs and maintenance		<b>325,275</b>	190,643
Lease payments not included in the measurement of lease liabilities		<b>3,166</b>	1,611
Auditor's remuneration		<b>3,882</b>	3,682
Loss on disposal of items of property, plant and equipment		<b>7,561</b>	5,219
Loss on deemed disposal of investments in an associate		<b>1,662</b>	–
Impairment loss on other receivables	10(c)	–	37,303
Impairment loss on goodwill		<b>7,583</b>	–
Fair value loss on financial assets at fair value through profit or loss		–	213
Late fees relating to unpaid taxes		<b>2,128</b>	7,360
Foreign exchange losses, net		<b>1,790</b>	9,567

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

\*\* During the year, employee costs of RMB67,778,000 (2022: RMB60,958,000), and depreciation and amortisation charges of RMB6,238,000 (2022: RMB5,487,000) were included in construction costs.

## 7. INCOME TAX

No Hong Kong profits tax has been provided as no assessable profits were earned in or derived from Hong Kong during the two years ended 31 December 2023 and 2022.

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

Pursuant to the Circular on Issues Announcement on the Continuation of Cai Shui [2011] No. 58 for Western Development Strategies of the State Administration of Taxation, the Ministry of Finance and National Development and Reform Commission (“**Circular [2020] No. 23**”), the tax preferential treatments for the Western Region Development are valid until 2030. According to the Circular [2020] No. 23, “from 1 January 2021 to 31 December 2030, corporate income tax may be levied at a reduced tax rate of 15% for enterprises established in the western region and engaged in encouraged industries prescribed in the Catalogue if the income which is within the Catalogue accounts for more than 60% of the total income of such enterprises.”

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

The major components of tax expense for the year are as follows:

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000 (Restated)
Current – Chinese Mainland		
Charge for the year	<b>302,303</b>	272,952
Underprovision in prior years	<b>901</b>	4,417
Deferred	<b>(664)</b>	(29,489)
Total tax charge for the year	<b><u>302,540</u></b>	<b><u>247,880</u></b>

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

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company, and the number of ordinary shares of 3,058,060,000 (2022: 3,058,060,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2023 and 2022 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

## 9. SERVICE CONCESSION ARRANGEMENTS

- (a) At 31 December 2023, the concession rights pertaining to certain expressways with net carrying amounts listed below were pledged to secure bank loans granted to the Group (note 12(a)):

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
Chengle Expressway	<b>12,155,168</b>	10,549,429
Chengren Expressway	<b>5,903,036</b>	6,102,008
Tianqiong Expressway	<b>5,522,506</b>	3,012,674
Suiguang Expressway and Suixi Expressway	<b>11,095,731</b>	11,099,484
Second Ring (Western) Expressway	<b>13,165,127</b>	13,398,517
Total	<b><u>47,841,568</u></b>	<b><u>44,162,112</u></b>

- (b) During the year, the Group was mainly in the construction of the Chengle Expressway Expansion Construction Project and Tianqiong Expressway Build-Operate-Transfer (“BOT”) Project. Total costs of RMB4,439,969,000 (2022 (restated): RMB4,412,607,000) including construction costs of RMB3,993,702,000 and capitalised borrowing costs of RMB446,267,000 were incurred, among which RMB3,993,702,000 (2022 (restated): RMB4,083,039,000) was sub-contracted to third party subcontractors.

## 9. SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

- (c) Construction revenue of RMB3,993,702,000 (2022 (restated): RMB4,083,039,000) was recognised mainly in respect of the construction service provided by the Group for the Chengde Expressway Expansion Construction Project and Tianqiong Expressway BOT Project using the input method during the year. Construction revenue was included in the additions to service concession arrangements which should be amortised upon the Group is granted the rights to charge the users under the service concession arrangements of the above mentioned projects.
- (d) Additions to service concession arrangements during the year included interest capitalised in respect of bank loans amounting to RMB446,267,000 (2022: RMB329,568,000) (note 5).
- (e) Other than the land with a site area of approximately 2,139,038 square metres, the Group has not obtained land use right certificates of certain land occupied by Rongcheng Second Ring Company. In the opinion of the directors, there are no major obstacles for the Group to obtain these certificates, and the normal operation of Rongcheng Second Ring Company will not be adversely affected before obtaining these certificates.

## 10. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 RMB'000 (Restated)
<b>Trade receivables</b>			
Trade receivables		<b>1,870,018</b>	1,693,594
Impairment		<b>(3,678)</b>	(37,601)
		<hr/>	<hr/>
Trade receivables, net	(a)	<b>1,866,340</b>	1,655,993
Bills receivable		<b>2,100</b>	220,432
		<hr/>	<hr/>
Subtotal		<b>1,868,440</b>	1,876,425
		<hr/>	<hr/>
<b>Other receivables</b>			
Deposit and other receivables	(b)	<b>722,406</b>	746,134
Impairment	(c)	<b>(134,406)</b>	(134,406)
		<hr/>	<hr/>
Subtotal		<b>588,000</b>	611,728
		<hr/>	<hr/>
Prepayments		<b>98,610</b>	48,039
		<hr/>	<hr/>
Other receivables, net		<b>686,610</b>	659,767
		<hr/>	<hr/>
Total trade and other receivables		<b>2,555,050</b>	2,536,192
		<hr/> <hr/>	<hr/> <hr/>
Less: Current portion		<b>(1,015,838)</b>	(2,536,192)
		<hr/>	<hr/>
Non-current portion		<b>1,539,212</b>	–
		<hr/>	<hr/>



## 10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

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

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

According to the contracts governing the relevant construction works, trade receivables of RMB1,106,441,000 as at 31 December 2023 are to be settled by instalments within two to thirteen years upon completion of the relevant construction works and bear interest at rates ranging from 4.75% to 8.5% (2022: 4.75% to 14.98%) per annum. The remaining trade receivables are non-interest-bearing.

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 3 months	271,256	168,417
3 to 6 months	32,096	12,494
6 to 12 months	19,683	19,390
Over 1 year	<u>1,543,305</u>	<u>1,455,692</u>
Total	<u><u>1,866,340</u></u>	<u><u>1,655,993</u></u>

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

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

- \* During the year, the Group has reversed the full provision previously made against the factoring receivables of RMB33,923,000 as fully collected.

## 10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(a) (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

As at 31 December 2023, the Group's major receivables are from government agencies, state-owned enterprises and a number of diversified customers. In view of the history of business dealings with the debtors and the sound collection history of the receivables and loans to customers due from them, the Group believes that there is no significant credit risk with these receivables. Management keeps reviewing and assessing the creditworthiness of the Group's existing customers on an ongoing basis based on historical payment records, the length of the overdue period, background and reputation of the debtors, the financial strength of the debtors and whether there are any disputes with the debtors. Except for the loss allowance for impairment of trade receivables mentioned above, no additional ECL was provided as the directors consider that the expected credit risks of these receivables are minimal.

(b) The Group's deposits and other receivables at 31 December are analysed as follows:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
Up-front payment of construction contracts	<b>40,866</b>	37,186
Interest receivables on temporary advances and construction revenue	<b>2,452</b>	2,452
Long-term compensation receivables to be received within one year	–	3,351
Toll income receivables	<b>136,155</b>	85,260
Deductible input value-added tax	<b>254,940</b>	141,129
Prepaid income tax	<b>7,847</b>	–
Deposits	<b>5,729</b>	4,520
Loans to a related party	–	250,000
Interest receivables	<b>8,785</b>	4,003
Dividend receivables	<b>16,492</b>	–
Miscellaneous	<b>249,140</b>	218,233
	<hr/>	<hr/>
Subtotal	<b>722,406</b>	746,134
Impairment allowance	<b>(134,406)</b>	(134,406)
	<hr/>	<hr/>
Total	<b>588,000</b>	611,728
	<hr/> <hr/>	<hr/> <hr/>

## 10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
At beginning of year	134,406	97,103
Provision for loss allowance ( <i>note 6</i> )	<u>–</u>	<u>37,303</u>
At end of year	<u><u>134,406</u></u>	<u><u>134,406</u></u>

An impairment analysis is performed at each reporting date by considering expected credit losses, which are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

In determining the ECLs for other receivables, the directors of the Company have taken into account the historical default experience and the future prospects of the industries and/or considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the other receivables and other current assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. Except for certain disputed other receivables which had been fully impaired, the Group has assessed and concluded that the risk of default rate for the other instruments was minimal as at 31 December 2023 since the counterparties to these instruments have a high credit rating.

## 11. TRADE AND OTHER PAYABLES

	<i>Notes</i>	<b>2023</b> <b><i>RMB'000</i></b>	2022 <i>RMB'000</i> (Restated)
Trade payables	(a)	<b>123,638</b>	62,640
Other payables	(b)	<b>2,590,364</b>	1,932,964
Interest payables		<b>72,061</b>	68,616
Deferred income		<b>287,741</b>	311,205
		<hr/>	<hr/>
Total		<b>3,073,804</b>	2,375,425
Less: Non-current portion		<b>(254,492)</b>	(277,792)
		<hr/>	<hr/>
Portion classified as current liabilities		<b><u>2,819,312</u></b>	<b><u>2,097,633</u></b>

## 11. TRADE AND OTHER PAYABLES (CONTINUED)

Notes:

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

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 3 months	<b>94,402</b>	45,788
3 to 6 months	<b>13,475</b>	595
6 to 12 months	<b>2,787</b>	3,967
Over 1 year	<b>12,974</b>	12,290
Total	<b>123,638</b>	62,640

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

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

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
Advances	<b>14,913</b>	12,524
Inter-network toll collection	<b>32,804</b>	38,666
Payroll and welfare payables	<b>335,539</b>	263,704
Taxes and surcharge payables	<b>74,714</b>	83,715
Progress billing payables	<b>1,531,774</b>	950,771
Retention payables	<b>166,326</b>	193,364
Deposits	<b>105,090</b>	96,149
Late fees for unpaid other taxes	<b>27,590</b>	25,462
Others	<b>301,614</b>	268,609
Total	<b>2,590,364</b>	1,932,964

## 12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 RMB'000 (Restated)
<b>Current</b>			
Bank loans:			
Secured and guaranteed	(a),(c)	<b>17,500</b>	12,500
Secured	(a)	<b>1,056,549</b>	673,349
Unsecured		<b>1,232,850</b>	1,192,100
Medium-term notes	(b)	<b>290,000</b>	–
Other borrowings, guaranteed	(d)	<b>767,497</b>	463,005
Lease liabilities		<b>23,264</b>	25,023
		<hr/>	<hr/>
Total – current		<b>3,387,660</b>	2,365,977
<b>Non-Current</b>			
Bank loans:			
Secured and guaranteed	(a),(c)	<b>9,074,000</b>	9,091,500
Secured	(a)	<b>17,408,164</b>	14,487,111
Unsecured		<b>4,487,800</b>	1,518,850
Medium-term notes	(b)	<b>1,000,000</b>	1,290,000
Other borrowings, guaranteed	(d)	<b>2,323,519</b>	3,091,172
Lease liabilities		<b>99,534</b>	109,029
		<hr/>	<hr/>
Total – non-current		<b>34,393,017</b>	29,587,662
		<hr/>	<hr/>
Total		<b>37,780,677</b>	31,953,639
		<hr/> <hr/>	<hr/> <hr/>

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

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

Notes :

(a) Bank loans were secured by:

	<i>Note</i>	<b>2023</b> <b>RMB'000</b>	2022 RMB'000 (Restated)
		<i>(Bank loan amount)</i>	
Secured by concession rights of:	9(a)		
Chengle Expressway		<b>6,719,230</b>	4,825,230
Chengren Expressway		<b>1,281,655</b>	1,555,004
Tianqiong Expressway		<b>4,053,828</b>	1,970,226
Suiguang Expressway and Suixi Expressway		<b>6,410,000</b>	6,810,000
Second Ring (Western) Expressway		<b>9,091,500</b>	9,104,000
		<hr/>	<hr/>
Total		<b>27,556,213</b>	24,264,460
		<hr/> <hr/>	<hr/> <hr/>

The bank loans bear interest at rates ranging from 2.15% to 3.85% (2022: 3.15% to 4.90%) per annum.

- (b) As at 31 December 2023, the Company had two (2022: two) tranches of outstanding medium-term notes totalling RMB1,290,000,000 (2022: RMB1,290,000,000) issued to domestic institutional investors participating in the PRC interbank debt market. The effective interest rates for these medium-term notes ranged from 3.49% to 6.30% (2022: 3.49% to 6.30%) per annum. These medium-term notes were issued at a par value of RMB100 per unit, and will be repaid between July 2024 and May 2026, respectively, with an original maturity period of ten years and five years, respectively.
- (c) As at 31 December 2023, the bank loans of RMB9,091,500,000 (2022 (restated): RMB9,104,000,000) were guaranteed by Shudao Investment.
- (d) As at 31 December 2023, other borrowings of RMB3,091,016,000 (2022 (restated): RMB3,554,177,000) were guaranteed by Shudao Investment.

### 13. ISSUED CAPITAL

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Issued and fully paid:		
A Shares of 2,162,740,000 (2022: 2,162,740,000) of RMB1.00 each	<b>2,162,740</b>	2,162,740
H Shares of 895,320,000 (2022: 895,320,000) of RMB1.00 each	<b>895,320</b>	895,320
Total	<b><u>3,058,060</u></b>	<u>3,058,060</u>

The H Shares have been issued and listed on the main board of the Hong Kong Stock Exchange since October 1997 and the A Shares have been listed on the Shanghai Stock Exchange since July 2009.

All A and H Shares rank pari passu with each other in terms of dividend and voting rights.

### 14. RESERVES

In accordance with the Company Law of the PRC and the respective articles of association of the Company, its subsidiaries, joint ventures and associates, the Company, its subsidiaries, joint ventures and associates are required to allocate 10% of their profits after tax, as determined in accordance with Generally Accepted Accounting Principles of the People's Republic of China (“**PRC GAAP**”), to the statutory surplus reserve (the “**SSR**”) until this reserve reaches 50% of the registered capital of the Company, its subsidiaries and associates. Subject to certain restrictions set out in the Company Law of the PRC and the respective articles of association of the Company, its subsidiaries and associates, part of the SSR may be converted to increase the share capital of the Company, its subsidiaries and associates, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.



## **15. BUSINESS COMBINATION UNDER COMMON CONTROL**

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

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

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

## 15. BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

The carrying amounts of the assets and liabilities of Rongcheng Second Ring Company as at 31 December 2022 and 30 April 2023 were as follows:

	<b>Book values at 30 April 2023 RMB'000</b>	Book values at 31 December 2022 RMB'000
Property, plant and equipment	79,110	83,912
Service concession arrangements	13,336,295	13,410,348
Deferred tax assets	68,514	72,133
Due from the ultimate holding company	–	2,286,278
Trade and other receivables	24,190	268,541
Cash and cash equivalents	2,486,662	35,955
Trade and other payables	(455,919)	(413,685)
Interest-bearing bank and other borrowings	(12,541,001)	(12,658,177)
Due to the ultimate holding company	(152)	(103,877)
Deferred income	(84,380)	(86,411)
	<u>2,913,319</u>	<u>2,895,017</u>
Total net assets at book value		
	<u>2,989,681</u>	
Difference recognised in equity		
	<u><u>5,903,000</u></u>	
Total purchase consideration		

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

## 15. BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

Profit guarantee arrangements are included in the acquisition. Under the arrangements, Shudao Expressway and Shudao Investment are subject to a performance guarantee from 1 January 2023 to 31 December 2029 (the “**Guarantee Period**”), in respect of the projected net profit of Rongcheng Second Ring Company (the “**Guaranteed Profit**”), which shall not be less than the following amounts:

<b>Guarantee Period</b>	<b>Guaranteed Profit (cumulative)</b>
From 1 January 2023 to 31 December 2025	Not less than RMB231,177,770
From 1 January 2023 to 31 December 2026	Not less than RMB476,947,500
From 1 January 2023 to 31 December 2027	Not less than RMB768,080,831
From 1 January 2023 to 31 December 2028	Not less than RMB1,119,505,121
From 1 January 2023 to 31 December 2029	Not less than RMB1,541,563,886

If the actual realised net profits do not reach the relevant Guaranteed Profit, performance compensation shall be made to the Company in cash.

For more details, please refer to the circular of the Company dated 10 March 2023.

## 16. DIVIDENDS

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Proposed final – RMB0.24 (2022: RMB0.10) per ordinary share	<b><u>733,934</u></b>	<u>305,806</u>

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

## RESULTS AND DIVIDENDS

For the year of 2023, the net revenue of the Group amounted to approximately RMB11,580,867,000, representing an increase of approximately 11.15% as compared with last year; the profit attributable to owners of the Company amounted to approximately RMB1,190,814,000, representing an increase of approximately 89.95% as compared with last year; and basic earnings per share were approximately RMB0.389 (2022 (restated): approximately RMB0.205).

As at 31 December 2023, the Group had total assets of approximately RMB57,640,787,000 and net assets of approximately RMB16,673,281,000.

Pursuant to the Articles of Association, if the Company distributes cash dividend, the Company shall distribute cash dividend in an amount not less than 30% of the profit available for distribution to the Shareholders recognized by the Company for the current period (the lower of the profit of the Company under the generally accepted accounting standards below).

1. The accounting principles and the relevant financial regulations applicable to enterprises established in the PRC (“**PRC GAAP**”); and
2. Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance.

The Board has recommended a final cash dividend for the year 2023 of RMB0.24 per ordinary share (tax inclusive), aggregating to approximately RMB733,934,000, representing 60.22% of the profit available for distribution to the Shareholders recognized by the Company for the Year in accordance with the PRC Accounting Standards, and representing 61.83% of the profit attributable to the owners of the Company (calculated in accordance with the PRC Accounting Standards) in the consolidated financial statements.

The proposed dividend is subject to approval at the forthcoming 2023 AGM. If approved, the final dividend is expected to be paid on or around Thursday, 11 July 2024 to the Shareholders whose names appear on the H Shares register of members of the Company on Wednesday, 12 June 2024 (the “**Dividend Entitlement Date**”). In respect of the arrangement in relation to the closures of H Shares register of members for the purposes of determining the Shareholders’ entitlement to attend the 2023 AGM and to receive the 2023 final dividend, please refer to the paragraph headed “**CLOSURES OF REGISTER OF MEMBERS OF H SHARES**” below.

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

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

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

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

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Caishui [2014] No. 81) (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2014]81號)) and the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen- Hong Kong Stock Connect (Caishui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2016]127號)》), for dividends received by domestic individual investors and securities investment funds from investing in H shares listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. Such mainland enterprises shall declare and pay taxes by themselves in respect of such dividends, which will not be withheld by such H share company.

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

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

## **BUSINESS REVIEW AND ANALYSIS**

### **Results overview**

The Group is principally engaged in the investment, construction, operation and management of expressway infrastructure projects and the expansion of traditional core businesses of derivative economy along the expressway, as well as the foster and development of green energy industry with a focus on “charging, battery bank + power replacement and hydrogen energy”. In 2023, in the face of a complex and challenging international environment, the domestic economy rebounded and improved as the country concentrated on facilitating Chinese-style modernization with high-quality development. In response to the economic development situation, the Group was confident in concentrating on main business and seized the opportunities based on the “14th Five-Year” development plan, and took various measures to promote its stable operation and high-quality development by focusing on the direction of “accelerating project development, enhancing capital operation, improving investment, construction and operation, strengthening cost control and quality enhancement, and deepening reforms and innovations”.

The net revenue of the Group amounted to approximately RMB11,580,867,000 this year, representing a year-on-year increase of approximately 11.15%. In particular, the expressway segment achieved net revenue of approximately RMB4,721,287,000, representing a year-on-year increase of approximately 25.39%; the new energy technology segment achieved net revenue of approximately RMB64,845,000, representing a year-on-year increase of approximately 455.89%; the transportation services segment achieved net revenue of approximately RMB1,959,766,000, representing a year-on-year decrease of approximately 0.66%; the transportation logistics segment achieved net revenue of approximately RMB718,809,000, representing a year-on-year increase of approximately 122.96%; the construction services segment achieved net revenue of approximately RMB4,116,160,000, representing a year-on-year decrease of approximately 1.83%. The profit attributable to the owners of the Company was approximately RMB1,190,814,000, representing a year-on-year increase of 89.95%. Basic earnings per share were approximately RMB0.389 (2022 (restated): approximately RMB0.205). As at 31 December 2023, the Group’s total assets amounted to approximately RMB57,640,787,000 and net assets amounted to approximately RMB16,673,281,000.



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

	Revenue for 2023 (after deduction of turnover tax) (RMB '000)	Year-on-year increase/ (decrease) in revenue for 2023 (%)	Profit/(loss) for 2023 (RMB '000)	Year-on-year increase/ (decrease) in profit/(loss) for 2023 (%)
Chengyu Branch <i>(Notes 1, 2)</i>	816,769	25.55	271,225	70.48
Chengya Branch <i>(Notes 1, 2)</i>	1,036,055	16.74	482,322	21.49
Chengren Branch <i>(Notes 1, 2)</i>	925,922	34.83	372,073	69.92
Chengle Company <i>(Note 3)</i>	533,672	25.61	280,737	48.11
Chengbei Company <i>(Note 4)</i>	107,674	1.83	34,682	(21.20)
Suiguang-Suixi Company <i>(Note 5)</i>	439,619	26.72	(278,991)	(20.68)
Rongcheng Second Ring Company <i>(Note 6)</i>	872,060	29.46	26,197	119.11
Shunan Company <i>(Note 7)</i>	–	100.00	(51,604)	(232.83)
Renshou Shunan Company <i>(Note 8)</i>	–	100.00	18,451	(34.94)
Shunan Chengxing Company <i>(Note 9)</i>	2,182	(79.18)	(2,276)	(107.68)
Lushan Shuhan Company <i>(Note 10)</i>	112,774	5.97	210	(96.53)
Lushan Shunan Company <i>(Note 11)</i>	24,493	(21.81)	1,439	(39.18)
Shuhong Company <i>(Note 12)</i>	58,320	136.83	1,295	112.03
Shuxia Company <i>(Note 13)</i>	116,306	71.49	23,898	158.78
Chengyu Advertising Company <i>(Note 14)</i>	8,334	153.01	1,305	153.93
Chengyu Logistics Company	–	N/A	–	N/A
Intermodal Transportation Company <i>(Note 15)</i>	288,000	(10.67)	296	100.78
Chengyu Supply Chain Management Company <i>(Note 16)</i>	430,810	149,486.81	39,802	161.86
Shudao Chengyu Investment Company <i>(Note 17)</i>	(2)	N/A	(1,020)	(81.11)
Chengya Oil Company <i>(Note 18)</i>	645,122	(15.46)	41,407	5.96
Zhonglu Energy Company <i>(Note 19)</i>	1,186,575	7.36	44,796	42.95
Shudao Financial Leasing Company <i>(Note 20)</i>	–	(100.00)	–	(100.00)
Shudao New Energy Company <i>(Note 21)</i>	64,844	455.93	(31,980)	438.57
Chengyu Private Equity Fund Management Company <i>(Note 22)</i>	14	(95.71)	(2,043)	6.57
CSI SCE <i>(Note 23)</i>	–	N/A	15,096	463.49
Chengdu-Chongqing Yingchuang Company	–	N/A	(13)	N/A



- Note 1:* When calculating the profits of Chengyu Branch, Chengya Branch and Chengren Branch, the impact of income tax (15%) was taken into account.
- Note 2:* Chengyu Branch, Chengya Branch and Chengren Branch recorded an increase of RMB166,210,000 or 25.55%, RMB148,585,000 or 16.74% and RMB239,191,000 or 34.83%, respectively, in the toll income (after deduction of turnover taxes) for the year as compared with that of last year, and recorded an increase of RMB112,129,000 or 70.48%, RMB85,315,000 or 21.49% and RMB153,098,000 or 69.92%, respectively, in the profit for the year as compared with that of last year, which was mainly due to the rebound in traffic volume as a result of the impact of factors such as recovery of the social economy, significant increased demand for personnel travel and enhancement of the Company's operation and services, leading to a significant increase in toll revenue.
- Note 3:* Chengle Expressway recorded an increase of RMB108,792,000 or 25.61% in the toll income (after deduction of turnover taxes) for the year as compared with that of last year, and recorded an increase of RMB91,187,000 or 48.11% in the profit for the year as compared with that of last year, mainly due to the growth in traffic volume as a result of recovery of the social economy, increased demand for personnel travel and enhancement of the Company's operation and services, leading to a corresponding increase in revenue and profit.
- Note 4:* Chengbei Expressway recorded a decrease of RMB9,328,000 or 21.20% in the profit for the year as compared with that of last year, mainly due to the increase in costs as a result of the temporary addition of the road environment improvement and renovation project and the decrease in interest income from the Xindu District Debt Compensation, which in aggregate resulted in a decrease in the profit as compared with that of the previous year.
- Note 5:* Suiguang-Suixi Expressway recorded an increase of RMB92,693,000 or 26.72%, in the toll income (after deduction of turnover taxes) for the year as compared with that of last year, and recorded a decrease of RMB72,758,000 or 20.68% in the loss for the year as compared with that of last year, which was mainly due to the increase in traffic volume on the adjacent road section affected by recovery of the social economy, enhancement of the Company's operation and services and construction of the road section, and the decrease in loss for the year as a result of the increase in toll income and the decrease in interest rate of the syndicated loan.
- Note 6:* Rongcheng Second Ring Company recorded an increase of RMB198,437,000 or 29.46% in the toll income (after deduction of turnover taxes) for the year as compared with that of last year, and recorded an increase of RMB163,271,000 or 119.11% in the profit for the year as compared with that of last year, mainly due to the growth in revenue and profit as a result of recovery of the social economy, increased demand for personnel travel and enhancement of the Company's operation and services.
- Note 7:* Shunan Company recorded a decrease of RMB90,455,000 or 232.83% in profit for the year as compared with that of last year, mainly due to the non-receipt of dividends from its subsidiaries and the decrease in interest income during the year.
- Note 8:* Renshou Shunan Company recorded a decrease of RMB9,910,000 or 34.94% in the profit for the year as compared with that of last year, mainly due to the return from the Qingshui Third Ring Project and the decrease in capital utilisation rate.

- Note 9:* Shunan Chengxing Company recorded a decrease of RMB8,300,000 or 79.18% in the income for the year as compared with that of last year, mainly due to the decrease in operation and maintenance revenue; and recorded a decrease of RMB31,910,000 or 107.68% in the profit for the year as compared with that of last year, mainly due to the decrease in operation and maintenance revenue and interest income arising from construction contracts.
- Note 10:* Lushan Shuhan Company recorded a decrease of RMB5,850,000 or 96.53% in the profit for the year as compared with that of last year, mainly due to the progress of the construction works, which resulted in the increase in interest expenses arising from the increase in shareholders' borrowings.
- Note 11:* Lushan Shunan Company recorded a decrease of RMB6,833,000 or 21.81% in the income for the year as compared with that of last year, and recorded a decrease of RMB927,000 or 39.18% in the profit for the year as compared with that of last year, mainly due to a corresponding decrease in income and profit as a result of the decrease in revenue from construction services.
- Note 12:* Shuhong Company recorded an increase of RMB33,695,000 or 136.83% in the income for the year as compared with that of last year, mainly due to the company's active expansion of business for the year, resulting in the increase in revenue from construction services; and recorded an increase of RMB12,063,000 or 112.03% in the profit for the year as compared with that of last year, mainly due to the strict control of costs and expenses.
- Note 13:* Shuxia Company recorded an increase of RMB48,487,000 or 71.49% in the income for the year as compared with that of last year, and recorded an increase of RMB14,663,000 or 158.78% in the profit for the year as compared with that of last year, mainly due to the elimination of negative impacts for the year, such as rent reduction and exemption policy, resulting in a significant increase in rental income in the gas station and service area as compared with last year, and the active expansion of business with the addition of several businesses, including community group purchasing, which in aggregate resulted in a corresponding increase in revenue and profit of Shuxia Company.
- Note 14:* Chengyu Advertising Company recorded an increase of RMB5,040,000 or 153.01% in the income for the year as compared with that of last year, profit for the year increased by RMB3,725,000 or 153.93% as compared with that of last year, mainly due to the increase in revenue from advertising and design production brought about by the socio-economic recovery.
- Note 15:* Intermodal Transportation Company recorded a decrease of RMB34,397,000 or 10.67% in the income for the year as compared with that of last year, mainly due to the adjustment of business direction; and recorded an increase of RMB38,107,000 or 100.78% in the profit for the year as compared with that of last year, mainly due to the provision of expected credit losses in the previous year.

- Note 16:* Chengyu Supply Chain Management Company recorded an increase of RMB430,522,000 or 149,486.81% in the income for the year as compared with that of last year, mainly due to the company's active expansion of market, resulting in the increase in income from North-to-South Grain Transportation business; and recorded an increase of RMB24,602,000 or 161.86% in the profit for the year as compared with that of last year, mainly due to the increase in income for the year and the reversal of expected credit losses provided for in the previous year.
- Note 17:* Shudao Chengyu Investment Company recorded a decrease of RMB4,380,000 or 81.11% in the loss for the year as compared with that of last year, mainly due to the increase in profit of RMB5,241,000 arising from the change in the fair value of financial assets at fair value through profit or loss.
- Note 18:* Chengya Oil Company recorded a decrease of RMB117,984,000 or 15.46% in the income for the year as compared with that of last year, mainly due to a year-on-year decrease of RMB271,109,000 in revenue from direct sales business as a result of the policy impact that no direct sales business of oil products was carried out in the year; and recorded an increase of RMB2,330,000 or 5.96% in profit for the year as compared with that of last year, mainly due to the increase in gross profit driven by the increase in retail sales volume of refined oil.
- Note 19:* Zhonglu Energy Company recorded an increase of RMB81,345,000 or 7.36% in the revenue for the year as compared with that of last year, and recorded an increase of RMB13,460,000 or 42.95% in the profit for the year as compared with that of last year, mainly due to the increase in revenue from retail sales and gross profit driven by the increase in retail sales volume of refined oil.
- Note 20:* Shudao Financial Leasing Company had not been included in the scope of the company's consolidated statements since November 2022.
- Note 21:* Shudao New Energy Company recorded an increase of RMB53,180,000 or 455.93% in the income for the year as compared with that of last year, mainly due to the increase in the charging service revenue and other revenue; and recorded an increase of RMB26,042,000 or 438.57% in the loss for the year as compared with that of last year, mainly due to a year-on-year increase in related labor costs and public expenses as a result of the company's comprehensive construction of charging stations in the year.
- Note 22:* Chengyu Private Equity Fund Management Company recorded a decrease of RMB312,000 or 95.71% in the revenue for the year as compared with that of last year, mainly due to the decrease in the Company's fund management fee income.
- Note 23:* CSI SCE recorded an increase of RMB12,417,000 or 463.49% in the profit for the year as compared with that of last year, mainly due to dividend income from the associate, Shudao Financial Leasing Company.

## Operation conditions of the expressways segment of the Group

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

Item	Shareholding percentage (%)	Average daily traffic flow (vehicles)			Toll income (before revenue taxes) (RMB'000)		
		2023	2022	Increase/ (decrease) (%)	2023	2022	Increase/ (decrease) (%)
Chengyu Expressway	100	<b>20,358</b>	16,909	20.40	<b>820,109</b>	653,626	25.47
Chengya Expressway	100	<b>38,606</b>	35,951	7.39	<b>1,040,271</b>	891,416	16.70
Chengren Expressway	100	<b>35,221</b>	27,669	27.29	<b>929,764</b>	690,102	34.73
Chengle Expressway	100	<b>35,519</b>	25,493	39.33	<b>536,128</b>	427,392	25.44
Chengbei Exit Expressway (including Qinglongchang Bridge)	60	<b>47,710</b>	45,111	5.76	<b>108,256</b>	106,331	1.81
Suiguang Expressway	100	<b>11,449</b>	9,705	17.97	<b>274,635</b>	217,922	26.02
Suixi Expressway	100	<b>9,106</b>	8,297	9.75	<b>167,509</b>	132,072	26.83
Second Ring (Western) Expressway	100	/	/	/	<b>865,166</b>	666,680	29.77

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

In 2023, the toll income (before deduction of turnover taxes) of the Group was approximately RMB4,741,838,000, representing an increase of approximately 25.26% as compared with last year. The percentage of the toll income (after deduction of turnover taxes) to the Group's revenue (after deduction of turnover taxes) was approximately 40.77%, representing an increase of approximately 4.63% when compared with 36.14% last year. During the Reporting Period, the following factors constituted combined effects on the operating performance of the Group's business of expressways:

**(1) Economic factors**

In 2023, the national economy rebounded and improved, high-quality development was solidly promoted, and the overall social situation was harmonious and stable. China's gross domestic product (GDP) for 2023 was RMB126,058.2 billion, representing a year-on-year increase of 5.2% at constant prices and the value added of transportation, warehousing and postal services amounted to RMB5,782 billion, representing an increase of 8.0%<sup>Note 1</sup> as compared with last year. With the earnest implementation of the development strategy of "Four Modernizations, Urban-Rural Integration, Co-prosperity in Five Areas" put forward by the Provincial Party Committee, Sichuan Province focused on high-quality development, made concerted efforts to boost the economy and promote infrastructure construction, and vigorously facilitated the province's economic recovery and growth, bringing the overall economic scale to a new height. In 2023, Sichuan Province's regional GDP of exceeded RMB6 trillion, representing an increase of 6%<sup>Note 2</sup> as compared to last year at comparable prices, ranking first among the top ten provinces with strong economy, alongside three others. In the face of a stable and improving economic environment, the Group's toll income (before deduction of turnover taxes) for the year increased by 25.26% year-on-year.

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

<sup>2</sup> Source: the Sichuan Provincial Bureau of Statistics

## **(2) Policy factors**

On 31 March 2023, the Ministry of Transport, the National Railway Administration, the Civil Aviation Administration of China, the State Post Bureau and China State Railway Group Co., Ltd. jointly issued the “Five-Year Action Plan for Accelerating the Construction of a World Leader in Transportation (2023–2027)”, which puts forward the action objectives and tasks for accelerating the construction of a strong transport nation in the next five years, insisting on the implementation of the “Two Outlines” and the “14th Five-Year” series of transport plans on a continuous basis, and planning and promoting the work of transportation in the “15th Five-Year” plan period, so as to build a safe, convenient, efficient, green and economical modern comprehensive transportation system, and achieve effective improvement in quality and reasonable growth in quantity of transportation. The stated action objectives are that by 2027, the acceleration of the construction of a strong transport nation will achieve phased achievements, new breakthroughs will be made in the high-quality development of transportation, the “Four First-class” construction will achieve remarkable results, significant progress will be made in the construction of a modern comprehensive transportation system, and the construction of a “national 123 transportation circle” and a “global 123 fast movement of goods circle” will be accelerated, so as to effectively serve and guarantee the beginning of building a socialist modern country in an all-round way.

According to the Notice of the Ministry of Transport and the Ministry of Finance on Phased Reduction and Waiver of Tolls for Trucks on Toll Roads (Jiao Gong Lu Ming Dian [2022] No. 282) (《交通運輸部財政部關於做好階段性減免收費公路貨車通行費有關工作的通知》(交公路明電[2022]282號)) issued on 28 September 2022, the phased reduction and waiver of tolls for trucks on national toll roads would end at 24:00 on 31 December 2022, i.e., the normal toll collection for trucks on expressways would resume, effective from 0:00 a.m. on 1 January 2023.

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

According to the Notice on Issuance of Financial and Taxation Policies for Further Supporting the Healthy Development of Micro-, Small and Medium-sized and Individual Business (Chuan Cai Jian [2022] No. 2) (《關於印發〈進一步支持中小微企業和個體工商戶健康發展的財稅政策〉的通知》(川財建[2022]2號)) jointly issued by the Department of Finance of Sichuan Province, the Department of Transportation of Sichuan Province, Sichuan Provincial Tax Service, State Taxation Administration and other 10 provincial departments, from 18 February 2022 to 31 December 2023, the ETC toll discount for trucks in Sichuan Province increased from 5% to 6%, i.e., trucks using ETC (Electronic Toll Collection) to pass through the Sichuan Expressway Network will enjoy 6% discount on tolls.



### **(3) Factors in road network changes and road construction**

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

**Chengle Expressway:** On 18 January 2023, the Jiajiang East Toll Station of Chengle Expressway was put into operation. On 22 February 2023, Pengshan Qinglong Bridge of Chengle Expressway was officially put into operation. On 11 May 2023, Leshan city transit double-track section of Chengle Expressway Expansion Project was put into operation. On 5 July 2023, the expansion of the interchange gradient section from Mianzhu north hub to Guliba was completed and put into operation, marking the end of the semi-closed expansion construction and the resumption of normal two-way traffic. On the same day, the closure of two ramp toll stations at the entrance and exit to Leshan north and Suji toll station was cancelled, restoring normal operations. All of the above factors were conducive to the recovery of traffic flow of Chengle Expressway, which would contribute to the increase in toll income.

**Chengbei Exit Expressway:** In March 2023, the traffic flow of Chengbei Exit Expressway decreased slightly due to the impact of the renovation of Chengmian Expressway and the closure of the overlay of the Qinglongchang Viaduct of the Chengbei Expressway for construction.

**Chengya Expressway:** From 23 May 2023 to 31 May 2023, the emergency repair of the slopes from Chengya to Chengdu section of Chengya Expressway occupied the emergency lane and temporarily occupied the third lane, which brought about certain diversion effect due to relatively long traffic control time. From 17 April 2023 to 30 April 2023, the ramp of Chengya Expressway Qinglongchang Hub Interchange in the direction of Ya'an to Leshan was closed for construction, prohibiting the passage of vehicles, resulting in a decrease in traffic flow.

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



## Major investment and financing projects of the Group

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

The proposal in respect of investment in the expansion construction of Chengle Expressway and relevant matters was considered and approved at the extraordinary general meeting of the Company held on 30 October 2017. According to the opinion on approval of the project from the Ministry of Transport, the total mileage of the project was 130 km, and the estimated total investment was approximately RMB22.16 billion. According to the Reply on Adjustment to the Approval of the Chengdu to Leshan Expressway Expansion Construction Project issued by the Sichuan Provincial Development and Reform Commission (Chuan Fa Gai Ji Chu [2022] No. 298) (《關於調整成都至樂山高速公路擴容建設項目核准事項的批覆》(川發改基礎[2022]298號)), the adjusted total mileage of the project was 136.1 km and the estimated total investment was RMB25.15 billion. After the completion of the project, it will help ease the traffic pressure on Chengle Expressway, and improve the overall traffic capacity and service level of Chengle Expressway. On 27 November 2019, the established tasks for the Chengle Expansion Construction Project Pilot Section (Meishan – Qinglong) were completed and the pilot section was opened to two-way traffic. On 18 December 2019, the new Qinglong Toll Station of Chengle Expressway officially opened to traffic. On 2 August 2021, in order to standardize the approval procedures of PPP projects' inclusion and reclassification in the database, Chengdu Transportation Bureau has entered into the Investment Agreement for the Expansion Construction Project of Chengdu-Leshan Expressway and the Public-Private-Partnership (PPP) Project Contract for the Expansion Construction Project of Chengdu-Leshan Expressway with Chengle Company. On 27 January 2022, Meishan to Leshan section totalling 81 kilometers achieved two-way eight-lanes traffic. On 11 May 2023, Leshan city transit double-track section of Chengle Expressway Expansion Project was put into operation. From the commencement date of construction to 31 December 2023, an accumulated investment of approximately RMB11.702 billion had been invested in the Chengle Expansion Project.

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

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

On 4 March 2020, Sichuan Chengqiongya Expressway Company Limited was incorporated in Qionglai of Sichuan Province as a project company to take charge of the investment, construction and operation of Tianqiong Expressway, with a registered capital of approximately RMB1,737 million, of which the Company contributed RMB1,424.34 million. From the commencement date of construction to 31 December 2023, an accumulated investment of approximately RMB5,523 million had been invested in the Tianqiong Expressway Project.

## FINANCIAL REVIEW AND ANALYSIS

### Analysis of Operating Results and Financial Position

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

	For the year ended 31 December	
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
Revenue	11,580,867	10,419,377
Including: Net expressway segment revenue	4,721,287	3,765,241
Net new energy technology segment revenue	64,845	11,665
Net transportation services segment revenue	1,959,766	1,972,737
Net transportation logistics segment revenue	718,809	322,397
Net construction services segment revenue	4,116,160	4,193,062
Net others segment revenue	–	154,275
Profit before tax	1,569,308	927,041
Profit attributable to owners of the Company	1,190,814	626,897
Earnings per share attributable to owners of the Company ( <i>RMB</i> )	<u>0.389</u>	<u>0.205</u>

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

	31 December 2023 <i>RMB'000</i>	31 December 2022 <i>RMB'000</i> (Restated)
Total assets	57,640,787	56,199,140
Total liabilities	40,967,506	34,588,353
Non-controlling interests	999,963	915,162
Equity attributable to owners of the Company	15,673,318	20,695,625
Equity per share attributable to owners of the Company ( <i>RMB</i> )	<u>5.125</u>	<u>6.768</u>

## Revenue

The Group's net revenue for the year amounted to RMB11,580,867,000 (2022 (restated): RMB10,419,377,000), representing a year-on-year increase of 11.15%, of which:

- (1) The net expressway segment revenue was RMB4,721,287,000 (2022 (restated): RMB3,765,241,000), representing an increase of 25.39% as compared with that of last year. During this year, the toll revenue of each road section increased to varying degrees, which was mainly due to the rebound in traffic volume under the influence of factors such as social and economic recovery, increased demand for personnel travel, and the improvement of the Company's operating services, resulting in an increase in the toll revenue of Chengyu Expressway (before deduction of turnover taxes) increased by RMB166,483,000 or 25.47% as compared with that of last year; the toll revenue of Chengya Expressway (before deduction of turnover taxes) increased by RMB148,855,000 or 16.70% as compared with that of last year; the toll revenue of Chengren Expressway (before deduction of turnover taxes) increased by RMB239,662,000 or 34.73% as compared with that of last year; the toll revenue of Chengle Expressway (before deduction of turnover taxes) increased by RMB108,736,000 or 25.44% as compared with that of last year; the toll revenue of Chengbei Exit Expressway (before deduction of turnover taxes) increased by RMB1,925,000 or 1.81% as compared with that of last year; the toll revenues of Suiguang Expressways (before deduction of turnover taxes) increased by RMB56,713,000 or 26.02% as compared with that of last year; Suixi Expressways (before deduction of turnover taxes) increased by RMB35,437,000 or 26.83% as compared with that of last year; the toll revenue of the Second Ring (Western) Expressway (before deduction of turnover taxes) increased by RMB198,486,000 or 29.77% as compared with that of last year. Please refer to "Operation conditions of the expressways segment of the Group" in this announcement for details of the main factors affecting the toll income of the Group during the Reporting Period;
- (2) The net new energy technology segment revenue was RMB64,845,000 (2022: RMB11,665,000), representing an increase in 455.89% as compared with that of last year, mainly due to the increase in charging service revenue and other revenue as the steady expansion of the Company's on- and off-road networks charging business;

- (3) The net transportation service segment revenue was RMB1,959,766,000 (2022 (restated): RMB1,972,737,000), representing a decrease of 0.66% as compared with that of last year, which was mainly due to the decrease in the direct sales of oil products for the year;
- (4) The net transportation logistics segment revenue was RMB718,809,000 (2022: RMB322,397,000), representing an increase of 122.96% as compared with that of last year, which was mainly due to the year-on-year increase in revenue as a result of the proactive implementation of North-to-South Grain Transportation Project of the Company this year;
- (5) The net construction services segment revenue was RMB4,116,160,000 (2022 (restated): RMB4,193,062,000), representing a decrease of 1.83% as compared with that of last year, which was mainly due to the fact that: (1) the construction contract revenue in respect of service concession arrangements was RMB3,993,702,000 (2022 (restated): RMB4,083,039,000), representing a decrease of 2.19% as compared with that of last year, which was primarily the construction contract revenue from the project for expansion construction of Chengle Expressway and Tianqiong Expressway BOT Project recognized under the input method; (2) construction contract revenue in respect of construction works performed for third parties amounted to RMB122,739,000 (2022: RMB110,997,000), representing an increase of 10.58% as compared with that of last year, which was mainly due to construction services revenue from Long Bao Da PPP project in Lushan County and the Tourism Highway Project in Dachuan River Scenic Spot in Lushan County recognized under the input method;
- (6) The net others segment revenue decreased by RMB154,275,000 as compared with that of last year (2022: RMB154,275,000), mainly due to the decrease of RMB153,987,000, or 100%, in finance leases revenue (after deduction of turnover taxes) as compared with that of last year, resulting from the cease of inclusion of Shudao Financial Leasing Company into the scope of the Company's statements since November 2022.

### **Other Income and Gains**

The Group's other income and gains for the year amounted to RMB252,866,000 (2022 (restated): RMB402,612,000), representing a decrease of RMB149,746,000, or 37.19%, as compared with that of last year, which was mainly due to the decrease of RMB161,442,000, or 56.85%, in interest income as compared with that of last year.

## Operating Expenses

The Group's operating expenses for the year amounted to RMB9,372,739,000 (2022 (restated): RMB8,896,531,000), representing an increase of 5.35% as compared with that of last year, of which:

- (1) During the year, construction contract cost recognized under the input method in respect of service concession arrangements was RMB3,993,702,000 (2022 (restated): RMB4,083,039,000), representing a decrease of 2.19% as compared with that of last year. This mainly included construction costs recognized for Chengle Expressway Expansion Construction Project and Tianqiong Expressway BOT Project;
- (2) During the year, construction contract costs recognized under the input method in respect of construction works amounted to RMB108,837,000 (2022: RMB98,189,000), representing an increase of 10.84% as compared with that of last year, which was mainly attributable to the Long Bao Da PPP Project in Lushan County and the Tourism Highway Project in Dachuan River Scenic Spot in Lushan County recognized under the input method;
- (3) Depreciation and amortization expenses increased by 7.61% from RMB1,222,706,000 for the last year (restated) to RMB1,315,709,000 for the year, mainly attributable to the increase in amortization for concession as a result of the increase in traffic volume during the year;
- (4) The cost of sales of oil and other business was RMB2,366,398,000 (2022: RMB2,010,025,000), representing an increase of 17.73% as compared with that of last year, which was mainly due to the increase in cost of North-to-South Grain Transportation, oil retail sales business and other sales as a result of the Company's positive market expansion;
- (5) The costs of finance lease recorded a year-on-year decrease of RMB80,441,000 (2022: RMB80,441,000), representing a decrease of 100% as compared with that of last year, which was mainly due to the fact that Shudao Financial Leasing Company was no longer included in the scope of the Company's consolidated statements since November 2022;

- (6) Repair and maintenance costs increased by 70.62% from RMB190,643,000 for the last year (restated) to RMB325,275,000, which was mainly due to the implementation of relevant special tasks, including special work on the governance of safety hazards and special improvement work of the facilities of expressways during the year, resulting in the increase in specialized maintenance costs of the facilities of all expressways of the Group;
- (7) Impairment included in other receivables for the year recorded a year-on-year decrease of RMB37,303,000 (2022: RMB37,303,000), representing a decrease of 100% as compared with that of last year, which was mainly due to the absence of impairment loss during the year;
- (8) Charging services costs included were RMB17,538,000 for the year, which was mainly due to the increase of electricity costs as a result of the further deployment of new energy vehicle charging network during the year.
- (9) Foreign exchange losses for the year decreased by 81.29% from RMB9,567,000 for that of last year to RMB1,790,000, which was mainly due to the fact that Shudao Financial Leasing Company was no longer included in the scope of the Company's consolidated statements since November 2022, resulting in a decrease in foreign exchange loss.

### **Finance Costs**

The Group's finance costs for the year amounted to RMB1,384,136,000 (including: expensed interest expenses of RMB937,869,000), representing a decrease of 3.92% as compared with RMB1,440,577,000 (including: expensed interest expenses of RMB1,030,568,000) for the last year (restated). The decrease in finance costs for the year was mainly due to the fact that no loan guarantee fee occurred for the year, repayment of part of principal of borrowing and the decrease in the weighted average interest rate of financing.

### **Income Tax**

The income tax expense of the Group for the year amounted to RMB302,540,000, representing an increase of approximately 22.05% as compared with RMB247,880,000 for that of 2022 (restated), which was mainly due to the change in profit.



## Profit

The Group's profit for the year amounted to RMB1,266,768,000, representing an increase of 86.52% as compared with RMB679,161,000 for that of last year (restated), of which the profit attributable to owners of the Company was RMB1,190,814,000, representing an increase of 89.95% as compared with RMB626,897,000 for that of last year (restated). This was mainly due to:

- (1) The profit of the expressways segment for the year was approximately RMB1,742,689,000 (2022 (restated): RMB885,125,000), representing an increase of 96.89% as compared with that of last year, which was mainly due to the rebound in traffic volume as a result of the impact of factors such as recovery of the social economy, significant increased demand for personnel travel and enhancement of the Company's operation and services, leading to the increase of RMB956,046,000 in toll revenue as compared with that of last year;
- (2) The profit of the new energy technology segment for the year was approximately RMB3,046,000 (2022: RMB975,000), representing an increase of 212.41% as compared with that of last year, which was mainly due to the increase in charging service revenue and other revenue;
- (3) The profit of the transportation services segment for the year was approximately RMB198,650,000 (2022 (restated): RMB145,956,000), representing an increase of 36.10% as compared with that of last year, which was mainly due to the increase in gross profit driven by the increase in retail sales volume of refined oil;
- (4) The profit of the transportation logistics segment for the year was approximately RMB52,502,000 (2022: RMB20,252,000), representing an increase of 159.24% as compared with that of last year, which was mainly due to the increase in profit resulting from the Company's proactive efforts to mitigate the previous business risks, reversal of credit impairment losses and the proactive expansion of North-to-South Grain Transportation and other projects this year;



- (5) The profit of the construction services segment for the year was approximately RMB4,666,000 (2022 (restated): RMB72,022,000), representing a decrease of 93.52% as compared with that of last year, which was mainly due to the decrease in interest income arising from construction contract of BT project;
- (6) The profit of the others segment for the year was approximately RMB34,316,000 (2022: RMB87,994,000), representing a decrease of 61.00% as compared with that of last year, which was mainly due to the fact that Shudao Financial Leasing Company's profit was no longer included in the scope of the Company's consolidated statements since November 2022.

## **ANALYSIS OF FINANCIAL POSITION**

### **Non-current Assets**

As at 31 December 2023, the Group's non-current assets amounted to RMB54,521,932,000, representing an increase of RMB3,563,679,000 as compared with the end of 2022 (restated), mainly attributable to:

- (1) An increase of RMB3,312,812,000 in service concession arrangements as compared with the end of 2022 (restated) which included an increase of approximately RMB4,439,969,000 mainly from Chengle Expressway Expansion Construction Project and Tianqiong Expressway BOT Project, and the provision for amortization of service concession arrangements of approximately RMB1,127,157,000;
- (2) A decrease of RMB39,367,000 in right-of-use assets as compared with the end of 2022, which was mainly due to the provision for depreciation of approximately RMB61,081,000 and addition of right-of-use assets of approximately RMB26,144,000 for the year;
- (3) Property, plant and equipment increased by RMB151,779,000 as compared with the end of 2022 (restated), which was mainly due to the addition of property, plant and equipment of approximately RMB292,695,000 and provision for depreciation of approximately RMB127,471,000 arising from acquisitions and the conversion of construction in progress into fixed assets during the year;

- (4) A decrease of RMB100,212,000 in investment in associates and joint ventures as compared with the end of 2022 mainly due to (1) the decrease of approximately RMB40,283,000 in the total carrying value resulting from the receipt of dividends of RMB9,032,000, RMB1,893,000, RMB9,479,000, RMB2,952,000 and RMB435,000 respectively from Chengyu Development Fund, Renshou Bank, Airport Expressway Company, Zhongxin Company and Trading International Supply Chain Management Company, and the cash dividend of RMB16,492,000 declared by Shudao Financial Leasing Company during the year; (2) the increase in carrying value with the total investment income of RMB46,183,000 recognised this year; (3) the decrease in carrying value following the recovery of investment amount of RMB100,000,000 from Chengyu Development Fund; (4) the decrease of approximately RMB4,450,000 in carrying value as a result of the liquidation of Technology Transfer Center Co., Ltd. of Sichuan University in June 2023; (5) the decrease of approximately RMB1,662,000 in carrying value due to the fact that Zhongxin Company, which was held by Shudao Chengyu Investment Company, the subsidiary of the Company, implemented the capital increase and share expansion in December 2023 and Shudao Chengyu Investment Company forfeited the opportunity of the capital increase, resulting in the dilution of the proportion of Shudao Chengyu Investment Company's equity interest in Zhongxin Company from 40% at the beginning of the year to 5%, but still retaining the right to appoint one director to the board of Zhongxin Company, which was accounted as an associate;
- (5) A decrease of RMB5,464,000 in equity investments designated at fair value through other comprehensive income as compared with the end of 2022, which was mainly due to the changes in fair value of equity investments in China Everbright Bank Co., Ltd. and Sichuan Zhineng Transportation System Management Company Limited\* (四川智能交通系統管理有限公司);
- (6) An increase of approximately RMB1,539,212,000 in non-current portion of trade receivables and other receivables as compared with the end of 2022, which was mainly due to trade and other receivables amounting to RMB1,539,212,000 were reclassified to non-current assets in accordance with the newly agreed revised repayment schedules;
- (7) An increase of RMB904,561,000 in payments in advance as compared with the end of 2022, which was mainly due to the increase in prepayments to ensure the continuous construction of the Chengle Expressway Expansion Construction Project.

## **Current Assets and Current Liabilities**

As at 31 December 2023, the current assets of the Group amounted to RMB3,118,855,000 representing a decrease of 40.49% as compared with the end of 2022 (restated), mainly attributable to:

- (1) A decrease of RMB605,146,000 in the balance of cash and cash equivalents as compared with the end of 2022 (restated), which was mainly due to the increase in the scale of liabilities in the current year as a result of the acquisition of Rongcheng Second Ring Company, whereby the Company proactively carried out cost reduction and efficiency improvement, and made full use of its own funds to improve the efficiency of the use of its own funds and control the scale of financing;
- (2) Current portion of trade receivables and other receivables decreased by RMB1,520,354,000 as compared to the end of 2022 (restated), which was mainly due to the decrease of RMB1,506,330,000 in trade receivables (including bill receivables) and RMB64,595,000 in other receivables and the increase of RMB50,571,000 in prepayments;
- (3) An increase of RMB89,745,000 in inventories as compared with the end of 2022, which was mainly due to the increase in purchases of sand and gravel, agricultural products, spare parts and construction materials for the year;

As at 31 December 2023, the Group's current liabilities amounted to RMB6,317,752,000, representing an increase of 33.81% as compared with the end of 2022 (restated), which was mainly attributable to an increase of RMB721,679,000 in trade and other payables, an increase of RMB10,433,000 in contract liabilities; a decrease of RMB53,746,000 in tax payable; an increase of RMB1,021,683,000 in current portion of bank and other interest-bearing borrowings for the year; and a decrease of RMB103,877,000 in amounts due to the ultimate holding company, which was mainly due to the repayment of guarantee fee of the syndicated loan of Shudao Investment of RMB103,725,000 during the year.

## **Non-current Liabilities**

As at 31 December 2023, the non-current liabilities of the Group amounted to RMB34,649,754,000, representing an increase of 16.01% as compared with the end of 2022 (restated), which was mainly attributable to the decrease of RMB23,300,000 in deferred income; the increase of RMB926,000 in deferred tax liabilities; an increase of RMB4,805,355,000 in non-current portion of bank and other interest-bearing borrowings as compared with that of the end of last year (restated).

## Equity

As at 31 December 2023, the Group's equity amounted to RMB16,673,281,000 representing a decrease of 22.85% as compared with the end of 2022 (restated), which was mainly attributable to: (1) profit of RMB1,266,768,000 for the year, which increased the equity; (2) a decrease in equity of RMB4,369,000 due to the adjustment to the fair value of financial assets as a result of presenting changes in other comprehensive income; (3) a decrease of RMB5,903,000,000 in equity due to business combination under common control; (4) capital injection from minority shareholders amounting to RMB79,200,000, which increased the equity; (5) payment of dividends of RMB70,299,000 to non-controlling shareholders, which decreased the equity; (6) the final dividend of 2022 paid in the year amounting to RMB305,806,000, which decreased the equity.

## Capital Structure

As at 31 December 2023, the Group had total assets of RMB57,640,787,000 and total liabilities of RMB40,967,506,000. The gearing ratio, which was calculated as the Group's total liabilities divided by its total assets, was 71.07% (31 December 2022 (restated): 61.55%).

## Cash Flow

As at 31 December 2023, the cash and cash equivalents of the Group amounted to RMB1,982,830,000, representing a decrease of approximately RMB605,146,000 as compared with the end of 2022 (restated). It comprised approximately HKD116,000 (equivalent to approximately RMB105,000) of deposits in Hong Kong dollars, and RMB1,982,725,000 cash and deposit in Renminbi.

During the year, net cash outflows from operating activities of the Group amounted to RMB1,275,827,000 (2022 (restated): net cash outflow of RMB1,502,441,000), representing a decrease of RMB226,614,000 in net cash outflows as compared with that of last year, which was mainly because: profit before tax increased by RMB642,267,000 as compared with that of last year; the new service concession arrangements resulted in a decrease of RMB89,337,000 in cash outflows for the year as compared with that of last year; the decrease in loans to customers resulted in a decrease of RMB235,483,000 in cash inflows for the year as compared with that of last year; the increase in restricted deposits resulted in an increase of RMB2,270,000 in cash outflows for the year as compared with that of last year; the increase in non-current payments in advances resulted in an increase of RMB984,557,000 in net cash outflows for the year as compared with the last year; the decrease in deferred income resulted in a decrease of RMB15,139,000 in cash outflow for the year as compared with that of last year; the increase in trade receivables and other receivables resulted in a decrease of RMB32,989,000 in net cash outflows for the year as compared with that of last year; the increase in inventories resulted in an increase

of RMB122,738,000 in the cash outflows for the year as compared with that of last year; the increase in contract liabilities resulted in an increase of RMB1,297,000 in the net cash inflows for the year as compared with that of last year; the increase in trade payables and other payables resulted in an increase of RMB848,535,000 in cash inflows for the year as compared with that of last year; the decrease in amounts due to the ultimate holding company resulted in an increase of RMB152,000 in cash outflows for the year as compared with that of last year.

Net cash inflow used in investing activities of the Group amounted to RMB2,480,098,000 (2022 (restated): net inflow of RMB367,951,000), representing an increase of RMB2,112,147,000 in net cash inflows as compared with that of last year, which was mainly because: the increase of RMB43,077,000 in cash outflow for the purchase of property, plant and equipment as compared with that of last year; the decrease of RMB369,195,000 in cash inflow from the recovery of equity investments at fair value through other comprehensive income as compared with that of last year; cash inflow for the year increased by RMB100,000,000 resulting from the recovery of investment in joint ventures as compared to that of last year; cash inflow for the year increased by RMB2,200,000,000 resulting from the repayment of loans received from the ultimate holding company as compared to that of last year; cash inflow for the year increased by RMB50,000,000 resulting from the repayment of loans received from related parties as compared to that of last year; cash inflow for the year decreased by RMB5,668,000 resulting from the receipt of asset-related grants as compared to that of last year; cash inflows from the disposal of subsidiaries decreased by RMB98,411,000 as compared with that of last year; the decrease of RMB28,938,000 in cash outflow from the investments in financial assets at fair value through profit or loss as compared with that of last year; the increase in time deposits resulted in a decrease of RMB112,573,000 in cash outflows for the year compared with that of last year.

Net cash outflow used in financing activities was RMB1,880,636,000 (2022 (restated): net outflow of RMB363,171,000), representing an increase in net cash outflow of RMB1,517,465,000 as compared with that of last year, which was mainly due to an increase of RMB6,073,884,000 in cash inflow from new bank loans, super short-term commercial papers and other loans as compared with that of last year; an increase of RMB1,559,327,000 in cash outflow from repayment of bank loans, super short-term commercial papers and other loans and payment of lease principal as compared with that of last year; a decrease of RMB28,798,000 in cash outflow from dividend paid to the owners of the Company compared with that of last year; an increase of RMB11,248,000 in cash outflow from dividend paid to non-controlling shareholders as compared with that of last year; an increase of RMB85,847,000 in cash outflow from interest paid compared with that of last year; an increase of RMB43,000,000 in cash inflow received from investment from non-controlling shareholders as compared with that of last year.

### **Exchange Fluctuations Risks**

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

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

### **Borrowings and Solvency**

As at 31 December 2023, the Group's bank and other interest-bearing borrowings amounted to RMB37,780,677,000, all of which bore fixed interest rates. The balance of bank loans was RMB33,276,863,000, with annual interest rates ranging from 2.15% to 3.85%; the balance of other borrowings amounted to RMB3,091,016,000; the balance of lease liabilities amounted to RMB122,798,000; the balance of medium-term notes amounted to RMB1,290,000,000, with a coupon interest rate of 3.49% to 6.30% per annum. The relevant balances are set out as follows:



## Interest-Bearing Bank and other Loans

	<b>Total</b>	<b>Within</b>	<b>1 year to</b>	<b>Over</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<b>1 year</b>	<b>5 years</b>	<b>5 years</b>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank loans	33,276,863	2,306,899	8,134,511	22,835,453
Other borrowings and lease liabilities	3,213,814	790,761	2,401,438	21,615
Medium-term notes	<u>1,290,000</u>	<u>290,000</u>	<u>1,000,000</u>	<u>–</u>
Total (as at 31 December 2023)	<u>37,780,677</u>	<u>3,387,660</u>	<u>11,535,949</u>	<u>22,857,068</u>
Total (as at 31 December 2022) (restated)	<u>31,953,639</u>	<u>2,365,977</u>	<u>9,933,135</u>	<u>19,654,527</u>

With the Group's steady cash flow, solid capital structure and sound credit records, the Group has established and maintained favorable credit relations with financial institutions and enjoyed most preferential interest rates for its loans. The Group has acquired bank facilities of RMB46,065 million from financial institutions available for use in the following one to two years. In addition, in 2010, China CITIC Bank Corporation Limited (Chengdu Branch) as leader and other eight banks carrying out businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan of RMB4,890 million. Such loan is specially used for construction of Chengren Expressway BOT Project. In 2019, China CITIC Bank Corporation Limited (Chengdu Branch) transferred the entire loan balance under the Syndicated Contract to China Construction Bank Corporation (Sichuan Branch), and China Construction Bank Corporation (Sichuan Branch) became the leader in 2020. As at 31 December 2023, the balance of the syndicated loan for the project amounted to RMB1,282 million.

In 2013, China Development Bank (Sichuan Branch) as leader and other four banks carrying out businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan of RMB4,950 million. Such loan is specially used for construction of Suiguang Expressway BOT Project. As at 31 December 2023, the balance of the syndicated loan for the project amounted to RMB3,940 million; in 2013, China Development Bank (Sichuan Branch) as leader and other two banks carrying out businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan of RMB3,380 million. Such loan was specially used in Suixi Expressways BOT Project. As at 31 December 2023, the balance of the syndicated loan for the project amounted to RMB2,470 million.

In 2019, China Construction Bank Corporation (Sichuan Branch) and China Development Bank (Sichuan Branch) as leader and other five banks carrying out businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan of RMB10,400 million. Such loan is specially used for construction of Chengle Expressway Expansion Construction Project. As at 31 December 2023, the balance of the syndicated loan for the project amounted to RMB5,394 million; in 2021, China Construction Bank Corporation (Sichuan Branch) and China Development Bank (Sichuan Branch) as leader and other three banks carrying out businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan of RMB6,920 million. As at 31 December 2023, the balance of the syndicated loan for the project amounted to RMB1,325 million. The above two loans are specially used for construction of Chengle Expressway Expansion Construction Project.

In 2020, China Construction Bank Corporation (Sichuan Branch) and China CITIC Bank Corporation Limited (Chengdu Branch) as leader and other five banks carrying on businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan of RMB6,948 million. Such loan is specially used for construction of Tianqiong Expressway BOT Project. As at 31 December 2023, the balance of the syndicated loan for the project amounted to RMB4,054 million.

In 2020, China Development Bank (Sichuan Branch) as leader formed a bank consortium with other six banks carrying out businesses in the PRC, which signed a loan contract with the Company for a medium- and long-term loan of RMB9,809 million. Such loan is specially used for the financing rearrangement for the Second Ring (Western) Expressway loan. As at 31 December 2023, the balance of the syndicated loan for the project amounted to RMB9,092 million.



## **Pledge of Assets**

As at 31 December 2023, the concession right of the Group to collect toll pertaining to Chengle Expressway with net carrying value of RMB12,155,168,000 (31 December 2022 (restated): RMB10,549,429,000) was pledged to secure the syndicated loan amounting to RMB6,719,230,000 (31 December 2022: RMB4,825,230,000); the concession right to collect toll pertaining to Chengren Expressway with net carrying value of RMB5,903,036,000 (31 December 2022: RMB6,102,008,000) was pledged to secure the syndicated loan amounting to RMB1,281,655,000 (31 December 2022: RMB1,555,004,000); the concession right to collect toll pertaining to Suiguang-Suixi Expressways with net carrying value of RMB11,095,731,000 (31 December 2022: RMB11,099,484,000) was pledged to secure the syndicated loan amounting to RMB6,410,000,000 (31 December 2022: RMB6,810,000,000); the concession right to collect toll pertaining to Tianqiong Expressway with net carrying value of RMB5,522,506,000 (31 December 2022: RMB3,012,674,000) was pledged to secure the bank loans amounting to RMB4,053,828,000 (31 December 2022: RMB1,970,226,000); the concession right to collect toll pertaining to the Second Ring (Western) Expressway with net carrying value of RMB13,165,127,000 (31 December 2022 (restated): RMB13,398,517,000) was pledged to secure the bank loans amounting to RMB9,091,500,000 (31 December 2022 (restated): RMB9,104,000,000).

Save as disclosed above, the Group did not have any other contingent liabilities, pledge of assets or guarantees as at 31 December 2023.

## **BUSINESS DEVELOPMENT PLAN**

Based on analysis and review of our work and operations during the Reporting Period, and taking into account our forecast and judgement of future economic situation, policy environment and developments of the industry and our business in the 2024, we have formulated the following work plan with a focus on the basic development ideas of “14th Five-Year” Plan and business objectives for the year of 2024:

### **1. Focusing on value increment to fully expand the advantages of the main businesses.**

Focusing on the Company’s “14th Five-Year Plan”, adhering to the general tone of “seeking progress while maintaining stability and transforming and innovating”, focusing on the main responsibilities and main businesses, continuously establishing a solid foundation for the development of the core business of expressways, and constantly expanding the development space of green energy cultivation. The Company will actively explore high-quality road products, make every effort to obtain and acquire projects, and concentrate on expanding the scale of the main business of expressways; focus on the core of “charging, battery bank + battery replacement, hydrogen energy”, and simultaneously focus on the front, middle and back ends of the industrial chain, and make efforts to

build a green energy industry cluster. The Company will strengthen construction management, research and promote intelligent construction equipment, and ensure the high-quality progress of construction projects. The Company will thoroughly implement digital transformation, improve the rate of intelligent toll stations, and promote the continuous improvement of toll momentum through efficient operation and maintenance.

**2. Integrating market-oriented strategies to effectively enhance project returns.**

The Company will actively integrate into the market, grasp industry trends, clarify its main direction, fully leverage platforms, and increase project returns. Firstly, the Company will expand its intermodal transportation platform, focusing on developing the Chengdu-Chongqing Electric Corridor mainline logistics, and building logistics warehouses to seek new growth points for project returns. Secondly, the Company will strengthen its equity investment platform, fully utilize its capital operation leverage function, and focus on investing in green energy and artificial intelligence in the transportation industry to seek effective profit growth supplements. Thirdly, the Company will transform into a technology transformation platform, based on construction of electric charging and swapping stations, construction of electromechanical facilities, and development of assets along the line, and transform into a technology incubation and results transformation platform, striving for increased profits.

**3. Strengthening capital operation to continuously support market value management.**

The Company will strengthen market value management as its core, increase the intensity of capital operation, actively boost market value performance, and promote the value of the Company's core business; effectively use equity financing tools to balance stock and flow, and optimize the Company's capital structure; value investor relationship management, broaden effective communication channels with investors, ensure effective transmission of corporate value, enhance the Company's window image, and promote market recognition and value realization.

**4. Reducing costs and expenses to promote business improvement.**

The Company will strengthen financial management, implement comprehensive budgeting, control costs and expenses, and improve business quality and efficiency. The Company will strengthen the supervision of key projects to ensure that the key indicators of major plans are economically reasonable and closely control construction costs; balance the allocation of short- and long-term debt, continue to reduce the interest rates of existing loans, and comprehensively reduce financing costs; implement a scientific determination mechanism and reasonably reduce maintenance costs.

## **5. Strictly controlling safety risks and strengthening operational guarantees.**

The Company will vigorously implement safety production management, resolutely safeguard the bottom line, implement the responsibility system for safety guarantees and information feedback mechanisms, promote the use of technology to improve safety production management and information, and ensure the stable development of the Company. The Company will strictly adhere to the bottom line of risk management and control, improve compliance and internal control mechanisms, strengthen full-process supervision, comprehensively build a defensive position, and ensure steady and long-term development.

## **EVENTS AFTER THE REPORTING PERIOD**

### **Connected Transaction**

Reference is made to the announcement of the Company dated 30 January 2024 in relation to the entering into of the Asset Transfer Agreement between Sichuan Shudao New Energy Technology Development Co., Ltd.\*, a wholly-owned subsidiary of the Company, and Sichuan Shujiao New Energy Co., Ltd.\*, an indirect subsidiary of Shudao Investment, pursuant to which, Sichuan Shudao New Energy Technology Development Co., Ltd.\* agreed to acquire and Sichuan Shujiao New Energy Co., Ltd.\* agreed to dispose of the charging station assets (the public charging stations and their ancillary facilities that have been constructed and put into operation, involving 27 expressway service areas such as Eastern Bypass, Meishan, Luding and Panzhihua service areas, and 48 charging stations with a total of 204 direct current charging piles and 408 charging guns). The final consideration will not exceed RMB84,500,698 (tax inclusive).

### **Changes in Directors and Senior Management**

Reference is made to the announcement of the Company dated 4 January 2024 that Mr. Zhang Qinghua has tendered his resignation from his positions as an independent non-executive Director of the Company, the committee chairman of the remuneration and appraisal committee under the Board, a member of the audit committee under the Board and a member of the strategic committee under the Board due to personal work changes. The resignation of Mr. Zhang Qinghua shall be effective until the vacancy resulting from such resignation is filled up by a succeeding independent non-executive Director and member of the relevant committees under the Board. Until then, Mr. Zhang will continue to perform his duties as an independent non-executive Director of the Company and a member of the relevant committees under the Board in accordance with relevant laws, regulations and the Articles of Association.

References are made to the announcements of the Company dated 12 June 2023 and 1 February 2024 that Mr. Yan Qixiang, an independent non-executive Director of the Company, has applied for resignation from the positions as an independent non-executive Director, a member of the audit committee under the Board and a member of the nomination committee under the Board of the Company due to personal work changes. The Company elected Mr. Zhou Hua as an independent non-executive Director of the eight session of the Board of the Company for a term of office commencing from 1 February 2024 and ending on the date of expiry of the term of office of the eight session of the Board of the Company, and the resignation of Mr. Yan Qixiang will become effective on 1 February 2024.

Reference is made to the announcement of the Company dated 8 March 2024 that Mr. Li Wenhui, an executive Director of the Company, has tendered his resignation from his positions as an executive Director, vice chairman (acting as Chairman), general manager of the Company and the authorised representative of the Company pursuant to Rule 3.05 of the Listing Rules due to the change of his work arrangements.

Reference is made to the announcement of the Company dated 15 March 2024 in relation to, among other things, the appointment of Mr. You Zhiming, one of the incumbent executive Director, as the vice chairman of the eighth session of the Board and the general manager of the Company was considered and agreed by the Board, with term of office being effective from the date of passing the resolution by the Board (i.e. 15 March 2024) to the date of expiry of the eighth session of the Board.

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

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

## EMPLOYEES AND THEIR REMUNERATION AND TRAINING

As at 31 December 2023, details of the Group's employees were as follows:

Number of in-service employees of the Company (including its branches)	2,229
Number of in-service employees of major subsidiaries	2,439
Total number of in-service employees	4,668
Number of retired or resigned employees for which the Company (including its branches) and its major subsidiaries are liable to bear costs	Nil

<b>Type of Expertise</b>	<b>Number of people</b>
Production	3,307
Sales	0
Technical	673
Financial	137
Administrative	551
Total	<u>4,668</u>

<b>Type of Education Level</b>	<b>Number of People</b>
Postgraduate	241
University graduate	1,788
Junior college graduate	1,841
Technical secondary school and below	798
Total	<u>4,668</u>

## **Employees' Remuneration**

The total remuneration of the Company's employees is correlated with the operating results of the Company. Employees' salary is determined with reference to position (i.e. the salary changes in accordance with the position of service) and performance. For the year ended 31 December 2023, the employees' salary of the Group totaled approximately RMB703,179,000, of which approximately RMB359,778,000 for the employees of the Company (including its branches).

## **Employees' Insurance and Welfare**

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

## **Staff training**

The Company highly values staff training and provides trainings of various aspects and types to improve the comprehensive quality and business standard of its staff. During the Reporting Period, the Company has organized various centralized and specific trainings such as operating training for technical staff, and continuing education and training for professional technical staff. The attendance of the Company (including its branches) reached 28,659 person-times.

## **CORPORATE GOVERNANCE**

### **Corporate Governance Code**

Sound corporate governance goes beyond merely meeting the regulatory authorities' basic requirements for operating a listed company. More importantly, it fulfills the Company's internal development needs. The Company is committed to continuously enhancing its corporate governance standard. During the Reporting Period and up to the date of this announcement, the Company has adopted and complied with the code provisions in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules of the Stock Exchange except for the deviations as shown below.

As disclosed in the announcement of the Company dated 20 October 2023, following the resignation of Mr. Gan Yongyi as the Chairman, an executive Director, the committee chairman of the strategic committee under the Board, and a member of the nomination committee under the Board of the Company and the authorised representative of the Company pursuant to Rule 3.05 of the Listing Rules on 20 October 2023, the Company was in non-compliance of Rule 3.05 of the Listing Rules that the authorised representative of a listed issuer is required to be either two directors or a director and a company secretary. After the Company's efforts to identify an appropriate candidate, Mr. Li Wenhui was appointed as the above authorised representative of the Company on 26 October 2023. As of 31 December 2023, the Company has regained compliance with Rule 3.05 of the Listing Rules.

### **Audit Committee**

The Audit Committee of the Company comprises three independent non-executive Directors, who are all professionals with extensive experience in finance and transportation.

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2023 and is of the view that the Group has complied with all applicable accounting standards and requirements and made adequate disclosure.

## **COMPLIANCE WITH THE MODEL CODE**

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



## **CLOSURES OF REGISTER OF MEMBERS OF H SHARES**

For the purposes of determining the shareholders' entitlement to attend the 2023 AGM and to receive the 2023 final dividend, the H Shares register of members of the Company will be closed during the following periods:

### **– In respect of attending and voting at the 2023 AGM**

Deadline for lodging Transfer documents . . . . . 4:30 p.m. on 14 May 2024 (Tuesday)

Closure period of the H Shares . . . . . From 15 May 2024 (Wednesday)  
register of members . . . . . to 23 May 2024 (Thursday)  
(both days inclusive)

Record date . . . . . 23 May 2024 (Thursday)

Date of the 2023 AGM . . . . . 23 May 2024 (Thursday)

### **– In respect of the entitlement to 2023 final dividend**

Deadline for lodging transfer documents . . . . . 4:30 p.m. on 5 June 2024 (Wednesday)

Closure period of the H Shares register . . . . . From 6 June 2024 (Thursday)  
to 12 June 2024 (Wednesday)  
(both days inclusive)

Dividend Entitlement Date . . . . . 12 June 2024 (Wednesday)

In order to be entitled to attend and vote at the 2023 AGM, and to receive the 2023 final dividend of the Company, H shares shareholders should ensure that all transfer documents, accompanied by the relevant share certificates are lodged with the Company's H Shares Registrar, Hong Kong Registrars Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, before the time above designated for lodging transfer documents.



Shareholders are advised that the Company will make separate announcement on the SSE in respect of details of the arrangements regarding (i) the distribution of 2023 final dividend to the holders of A Shares; and (ii) the holders of A Shares for attending the 2023 AGM.

## **PUBLICATION OF THE ANNUAL REPORT**

The Company's annual report for the year ended 31 December 2023 will be published on the websites of the Stock Exchange and the Company in due course and dispatched in printed form to Shareholders upon request.

As at the date of this announcement, to the best knowledge of the Directors, the information contained in this announcement will be consistent with the information contained in the 2023 annual report of the Company.

## **DEFINITIONS**

2023 AGM	the 2023 annual general meeting of the Company to be held on 23 May 2024 (Thursday)
A Share(s)	ordinary shares of the Company with a nominal value of RMB1.00 each, which are issued in the PRC, subscribed for in RMB and listed on the SSE
Airport Expressway Company	Chengdu Airport Expressway Company Limited
Articles of Association	the articles of association of the Company, as amended from time to time
Audit Committee	the audit committee under the Board
Board	the board of Directors of the Company
BOT Project	build-operation-transfer project
BT Project	build-transfer project
Chengbei Company	Chengdu Chengbei Exit Expressway Company Limited

Chengbei Exit Expressway	Chengdu Chengbei Exit Expressway
Chengle Company	Sichuan Chengle Expressway Company Limited
Chengle Expressway	Sichuan Chengle (Chengdu-Leshan) Expressway
Chengle Expressway Expansion Construction Project	Capacity Expansion Construction Project for the Chengdu–Leshan Expressway
Chengren Branch	Sichuan Expressway Company Limited Chengren Branch
Chengren Expressway	Chengdu-Meishan (Renshou) Section of ChengZiLuChi (Chengdu-Zigong-Luzhou-Chishui) Expressway
Chengya Branch	Sichuan Expressway Company Limited Chengya Branch
Chengya Expressway	Sichuan Chengya (Chengdu-Ya’an) Expressway
Chengya Oil Company	Sichuan Chengya Expressway Oil Supply Company Limited
Chengyu Advertising Company	Sichuan Chengyu Expressway Advertising Company Limited
Chengyu Branch	Sichuan Expressway Company Limited Chengyu Branch
Chengyu Development Fund	Sichuan Chengyu Development Equity Investment Fund Centre (Limited Partnership)
Chengyu Expressway	Chengyu (Chengdu-Chongqing) Expressway (Sichuan Section)
Chengyu Logistics Company	Sichuan Chengyu Logistics Company Limited (四川成渝物流有限公司)

Chengyu Private Equity Fund Management Company	Sichuan Chengyu Private Equity Fund Management Co., Ltd.* (formerly known as “Chengdu Chengyu Jianxin Equity Investment Fund Management Co., Ltd.”, former abbreviation “Chengyu Jianxin Fund Company”), with changes in shares of shareholders and name on 25 January 2022
Chengyu Supply Chain Management Company	Sichuan Chengyu Xingshu Supply Chain Management Company Limited (四川成渝興蜀供應鏈管理有限公司) (formerly known as “Sichuan Chengyu Commercial Factoring Company Limited (四川成渝商業保理有限公司)” “Tianyi United Commercial Factoring (Luzhou) Company Limited (天乙多聯商業保理(瀘州)有限公司)”), and the changes of name and scope of operations were completed on 28 June 2022
Company	Sichuan Expressway Company Limited
CSI SCE	CSI SCE Investment Holding Limited
Director(s)	director(s) of the Company
Dividend Entitlement Date	12 June 2024 (Wednesday), the date on which the Shareholders whose names appear on the H Shares register of member of the Company shall be entitled to the 2023 final dividend of the Company (if approved by the Shareholders at the 2023 AGM)
Group	the Company and its subsidiaries
H Share(s)	overseas listed shares of the Company with a nominal value of RMB1.00 each, which are issued in Hong Kong, subscribed for in Hong Kong dollars and listed on the main board of Stock Exchange
HK\$	Hong Kong dollar(s), the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Intermodal Transportation Company	Sichuan Multimodal United Transportation Investment and Development Co., Ltd. (四川省多式聯運投資發展有限公司) (previously known as “Sichuan Tianyi United Investment & Development Co., Ltd.” (四川省天乙多聯投資發展有限公司))

Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange and/or the Rules Governing the Listing of Securities on the SSE, as the case may be
Long Bao Da PPP project in Lushan County	the Lushan County Longmen to Baosheng to Dachuan Tourism Highway Construction PPP Project
Lushan Shuhan Company	Lushan County Shuhan Engineering Construction Management Co., Ltd. (蘆山縣蜀漢工程建設管理有限公司)
Lushan Shunan Company	Lushan County Shunan Engineering Construction Project Management Co., Ltd. (蘆山縣蜀南工程建設項目管理有限公司)
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules of the Stock Exchange, which has been adopted by the Company as the code of conduct for securities transactions by the Directors and the Supervisors
PRC or Mainland China	The People's Republic of China, for the purpose of this results announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
Renshou Bank	Sichuan Renshou Rural Commercial Bank Co., Ltd.
Renshou Shunan Company	Renshou Shunan Investment Management Company Limited
RMB	Renminbi, the lawful currency of the PRC
Rongcheng Second Ring Company	Sichuan Rongcheng Second Ring Expressway Development Co., Ltd.
Second Ring (Western) Expressway	West Section of Chengdu Second Ring Expressway
Share(s)	A Share(s) and/or H Share(s) (as the case may be)
Shareholder(s)	holder(s) of Shares

Shudao Chengyu Investment Company	Sichuan Shudao Chengyu Investment Company Limited (四川蜀道成渝投資有限公司) (formerly known as “Chengdu Shuhai Investment Management Company Limited (成都蜀海投資管理有限公司)” ), and the change of name was completed on 20 October 2022
Shudao Expressway	Sichuan Shudao Expressway Group Company Limited (四川蜀道高速公路集團有限公司)
Shudao Financial Leasing Company	Shudao Financial Leasing (Shenzhen) Company Limited (蜀道融資租賃(深圳)有限公司), (formerly known as “Chengyu Financial Leasing Company Limited (成渝融資租賃有限公司)” ), and the change of name was completed on 2 August 2023
Shudao Group	Shudao Investment and its subsidiaries (excluding the Group)
Shudao Investment	Shudao Investment Group Company Limited* (蜀道投資集團有限責任公司), the controlling shareholder of the Company which holds approximately 37.863% of the issued shares of the Company as at the date of this announcement
Shudao New Energy Company	Sichuan Shudao New Energy Technology Development Co., Ltd. (四川蜀道新能源科技發展有限公司)
Shuhong Company	Chengdu Shuhong Property Company Limited
Shunan Chengxing Company	Ziyang Shunan Chengxing Project Construction & Management Co., Ltd.
Shunan Company	Sichuan Shunan Investment Management Company Limited
Shuxia Company	Sichuan Shuxia Industrial Company Limited
SRB Group	Sichuan Road and Bridge Construction Group Company Limited
SSE	Shanghai Stock Exchange

STIG	Sichuan Transportation Investment Group Corporation Limited
Stock Exchange	The Stock Exchange of Hong Kong Limited
Suiguang Expressway	Sichuan Suiguang (Suining-Guang'an) Expressway
Suiguang-Suixi Company	Sichuan Suiguang-Suixi Expressway Company Limited
Suixi Expressway	Sichuan Suixi (Suining-Xichong) Expressway
Supervisor(s)	supervisor(s) of the Company
Supervisory Committee	supervisory committee of the Company
Tianqiong Expressway BOT Project	the project of Tianfu New District to Qionglai Expressway BOT (build-operate-transfer) project
Zhonglu Energy Company	Sichuan Zhonglu Energy Company Limited
Zhongxin Company	Sichuan Zhongxin Assets Management Co., Ltd.
%	per cent.

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

Chengdu, Sichuan Province, the PRC  
27 March 2024

*As at the date of this announcement, the Board comprises Mr. You Zhiming (Vice Chairman) and Madam Ma Yonghan as executive Directors, Mr. Wu Xinhua (Vice Chairman), Mr. Li Chengyong and Mr. Chen Chaoxiong as non-executive Directors, Mr. Yu Haizong, Madam Bu Danlu, Mr. Zhang Qinghua and Mr. Zhou Hua as independent non-executive Directors.*

\* *For identification purposes only*