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

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

(Stock Code: 00107)

2024 INTERIM RESULTS ANNOUNCEMENT

The Board hereby announces that the unaudited consolidated results of the Group for the six months ended 30 June 2024, together with the comparative figures for the corresponding period in 2023 are as follows (the data herein are presented in RMB except where otherwise indicated).

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

For the six months ended 30 June 2024

		Unaudited	
		For the six months ended 30 June	
		2024	2023
	<i>Notes</i>	RMB'000	RMB'000
Revenue	4	5,319,241	5,657,375
Cost		<u>(3,763,412)</u>	<u>(4,090,707)</u>
Gross profit		1,555,829	1,566,668
Other income and gains	4	102,788	145,162
Administrative expenses and selling expenses		(303,344)	(258,389)
Other expenses		<u>(30,320)</u>	<u>(19,718)</u>
Operating profit		1,324,953	1,433,723
Finance expenses – net	5	(439,201)	(465,255)
Share of net profits of investments accounted for using the equity method:			
Joint ventures		(106)	4,558
Associates		<u>17,327</u>	<u>25,825</u>
Profit before income tax	6	902,973	998,851
Income tax expenses	7	<u>(170,301)</u>	<u>(171,340)</u>
Profit for the six months ended 30 June		<u>732,672</u>	<u>827,511</u>
Profit attributable to:			
– Owners of the Company		698,095	780,353
– Non-controlling interests		<u>34,577</u>	<u>47,158</u>
		<u>732,672</u>	<u>827,511</u>

		Unaudited	
		For the six months ended 30 June	
		2024	2023
	<i>Notes</i>	RMB'000	RMB'000
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic and diluted	8	<u>RMB0.228</u>	<u>RMB0.255</u>
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Changes in the fair value of designated equity investments at fair value through other comprehensive income		7,601	(7,313)
Income tax effect		<u>(1,578)</u>	<u>1,404</u>
Total other comprehensive income/(loss) for the six months ended 30 June		<u>6,023</u>	<u>(5,909)</u>
Total comprehensive income for the six months ended 30 June		<u>738,695</u>	<u>821,602</u>
Total comprehensive income for the six months ended 30 June attributable to:			
Owners of the Company		703,914	775,233
Non-controlling interests		<u>34,781</u>	<u>46,369</u>
		<u>738,695</u>	<u>821,602</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

		Unaudited 30 June 2024 <i>RMB'000</i>	Audited 31 December 2023 <i>RMB'000</i>
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	9	1,096,634	991,823
Service concession arrangements	9	51,134,483	49,645,595
Right-of-use assets	9	261,147	278,395
Investments in joint ventures	10	27,181	27,287
Investments in associates	11	479,199	474,101
Equity investments designated at fair value through other comprehensive income	12	95,370	87,769
Financial assets at fair value through profit or loss		39,002	34,017
Trade and other receivables	13	1,486,784	1,539,212
Payments in advance		1,354,810	1,331,346
Deferred tax assets		108,048	112,259
Time deposits		120,000	–
Restricted deposits		129	128
Total non-current assets		56,202,787	54,521,932
Current assets			
Inventories		194,073	119,821
Trade and other receivables	13	989,119	1,015,838
Financial assets at fair value through profit or loss		429	366
Cash and bank balances		2,729,724	1,982,830
Total current assets		3,913,345	3,118,855
Total assets		60,116,132	57,640,787

		Unaudited	Audited
		30 June	31 December
		2024	2023
	<i>Notes</i>	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Interest-bearing bank and other borrowings	15	35,836,066	34,393,017
Deferred tax liabilities		3,058	2,245
Deferred income	14	254,350	254,492
Total non-current liabilities		<u>36,093,474</u>	<u>34,649,754</u>
Current liabilities			
Tax payable		116,565	91,211
Trade and other payables	14	2,707,223	2,819,312
Contract liabilities		58,278	19,569
Interest-bearing bank and other borrowings	15	4,280,867	3,387,660
Dividend payable		235,478	–
Total current liabilities		<u>7,398,411</u>	<u>6,317,752</u>
Total liabilities		<u>43,491,885</u>	<u>40,967,506</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		3,058,060	3,058,060
Reserves		12,585,238	12,615,258
		15,643,298	15,673,318
Non-controlling interests		<u>980,949</u>	<u>999,963</u>
Total equity		<u>16,624,247</u>	<u>16,673,281</u>
Total equity and liabilities		<u>60,116,132</u>	<u>57,640,787</u>

1. GENERAL INFORMATION

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

During the six months ended 30 June 2024 (the “**Period**”), the Company and its subsidiaries (the “**Group**”) was involved in the following principal activities:

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

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

2. BASIS OF PREPARATION

The interim condensed financial information for the Period has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting. The interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended HKAS and Hong Kong Financial Reporting Standards (“**HKFRS**”) for the first time for the current period’s financial information standards as set out below.

2. BASIS OF PREPARATION (CONTINUED)

(i) New and amended standards adopted by the Group

Standards, Amendments or Interpretations	Subject
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants</i>
Hong Kong Interpretation 5 (Revised)	<i>Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i>
Amendments to HKFRS 16 Amendments to HKAS 7 and HKFRS 7	<i>Lease Liability in Sale and Leaseback Supplier Finance Arrangements</i>

The adoption of these standards and new accounting policies disclosed did not have any significant impact on the Group's accounting policies and did not require retrospective adjustments.

(ii) New standards and amendments not yet effective for the financial period beginning on 1 January 2024 and not early adopted by the Group

Up to the date of issuance of this interim condensed financial information, the following new standards and amendments to existing standards have been issued which are not yet effective and have not been early adopted by the Group:

Standards, Amendments or Interpretations	Subject
Amendments to HKAS 21	<i>Lack of Exchangeability</i>

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation, and amendments. According to the preliminary assessment made by the directors, no significant impact on the financial performance and position of the Group is expected when they become effective.

2. BASIS OF PREPARATION (CONTINUED)

The Group had net current liabilities of RMB3,485,066,000 as of 30 June 2024 (31 December 2023: RMB3,198,897,000). In view of the net current liabilities position, the board of directors has given the 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, the directors are satisfied that the Group is able to meet in full its financial obligations as they fall due in the foreseeable future. Accordingly, the directors have prepared the interim condensed financial information on a going concern basis.

3. SEGMENT AND REVENUE INFORMATION

(i) Description of segments

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

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

3. SEGMENT AND REVENUE INFORMATION (CONTINUED)

(i) Description of segments (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 bank balances (including time deposits), equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss as these assets are managed on a group basis.

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

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

3. SEGMENT AND REVENUE INFORMATION (CONTINUED)

(ii) Segment information

For the six months ended 30 June 2024

	Expressways <i>RMB'000</i> (Unaudited)	Construction Services <i>RMB'000</i> (Unaudited)	Transportation Services <i>RMB'000</i> (Unaudited)	Transportation Logistics <i>RMB'000</i> (Unaudited)	New Energy Technologies <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Segment revenue	2,325,982	1,783,253	1,041,825	107,614	60,567	-	5,319,241
Segment results	955,192	38,021	118,885	346	15,289	20,242	1,147,975
Reconciliation:							
Unallocated income and gains							46,287
Other unallocated expenses							<u>(291,289)</u>
Profit before tax							<u><u>902,973</u></u>

For the six months ended 30 June 2023

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

3. SEGMENT AND REVENUE INFORMATION (CONTINUED)

(ii) Segment information (continued)

30 June 2024

	Expressways	Construction Services	Transportation Services	Transportation Logistics	New Energy Technologies	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment assets	53,437,660	2,085,418	467,162	343,899	325,627	363,664	57,023,430
Reconciliation:							
Equity investments designated at fair value through other comprehensive income							95,370
Financial assets at fair value through profit or loss							39,431
Deferred tax assets							108,048
Restricted deposits							129
Cash and bank balances (including time deposits)							<u>2,849,724</u>
Total assets							<u><u>60,116,132</u></u>
Segment liabilities	41,277,130	1,581,052	142,643	95,593	127,841	29,090	43,253,349
Reconciliation:							
Dividend payable							235,478
Deferred tax liabilities							<u>3,058</u>
Total liabilities							<u><u>43,491,885</u></u>

3. SEGMENT AND REVENUE INFORMATION (CONTINUED)

(ii) Segment information (continued)

31 December 2023

	Expressways	Construction Services	Transportation Services	Transportation Logistics	New Energy Technologies	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment assets	52,026,786	2,085,498	299,077	435,824	228,045	348,188	55,423,418
<u>Reconciliation:</u>							
Equity investments designated at fair value through other comprehensive income							87,769
Financial assets at fair value through profit or loss							34,383
Deferred tax assets							112,259
Restricted deposits							128
Cash and bank balances (including time deposits)							<u>1,982,830</u>
Total assets							<u><u>57,640,787</u></u>
Segment liabilities	39,064,874	1,573,637	111,502	75,025	115,153	25,070	40,965,261
<u>Reconciliation:</u>							
Deferred tax liabilities							<u>2,245</u>
Total liabilities							<u><u>40,967,506</u></u>

(iii) Geographical information

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

4. REVENUE, OTHER INCOME AND GAINS

(i) An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>	5,302,153	5,640,437
<i>Revenue from other sources:</i>		
Gross rental income from operating leases	17,088	16,938
	5,319,241	5,657,375

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2024

	Expressways	Construction Services	Transportation Services	Transportation Logistics	New Energy Technologies	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Types of goods or services						
Toll income	2,325,982	-	-	-	-	2,325,982
Construction services	-	1,783,253	-	-	-	1,783,253
Sale of products	-	-	1,006,713	107,614	9,234	1,123,561
Charging services for electric vehicles	-	-	-	-	51,333	51,333
Others	-	-	18,024	-	-	18,024
	2,325,982	1,783,253	1,024,737	107,614	60,567	5,302,153
Timing of revenue recognition						
Goods transferred at a point in time	2,325,982	-	1,024,737	107,614	60,567	3,518,900
Services transferred over time	-	1,783,253	-	-	-	1,783,253
	2,325,982	1,783,253	1,024,737	107,614	60,567	5,302,153

4. Revenue, other income and gains (Continued)

(i) An analysis of revenue is as follows: (continued)

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

For the six months ended 30 June 2023

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

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

(ii) An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Interest income from bank deposits	19,497	30,773
Interest income from funds under centralised management	–	115
Interest income from discontinuing long term compensation receivables	–	426
Interest income from financial assets arising from construction contracts	37,113	–
Interest income from loans to the ultimate holding company	–	28,475
Interest income from loans to a related party	–	1,868
Rental income from operating leases of other lease payments, including fixed payments	3,747	1,351
Government grants*	17,383	14,164
Road damage compensation income	7,898	13,614
Dividend income from equity investments designated at fair value through other comprehensive income	5,805	6,833
Dividend income from financial assets at fair value through profit or loss	25	13
Fair value changes on financial assets at fair value through profit or loss	5,048	7,189
Reversal of impairment losses of trade receivables	–	33,923
Gain on disposal of property, plant and equipment	612	–
Gain on disposal of right-of-use assets	–	343
Miscellaneous	5,660	6,075
	102,788	145,162

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

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	673,578	641,325
Interest on super short term commercial papers	–	2,354
Interest on corporate bonds payables	4,663	–
Interest on medium-term notes	28,752	25,938
Interest on lease liabilities	2,593	3,134
	<u>709,586</u>	<u>672,751</u>
Less:		
Interest capitalised in respect of:		
Service concession arrangements (<i>note 9(iv)</i>)	<u>(270,385)</u>	<u>(207,496)</u>
	<u>439,201</u>	<u>465,255</u>
Interest rate of borrowing costs capitalised	3.47% – 3.65%	3.57% – 3.75%

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Construction costs in respect of:		
Service concession arrangements*	1,760,325	1,993,363
Construction works performed for other parties*	20,822	35,184
Cost of sales	987,483	1,086,873
Cost of charging services	24,653	7,411
Depreciation of property, plant and equipment	68,167	60,683
Amortisation of service concession arrangements	541,822	529,904
Depreciation of right-of-use assets	31,138	29,863
Employee benefit expenses	514,406	471,863
Repairs and maintenance	67,362	63,691
Lease payments not included in the measurement of lease liabilities	591	508
Late fees relating to unpaid taxes	605	4,074
Impairment loss on goodwill	–	7,583
Loss on disposal of property, plant and equipment	69	1,012

* For the six months ended 30 June 2024, employee costs of RMB32,901,000 (six months ended 30 June 2023: RMB26,399,000) and depreciation and amortisation charges of RMB3,181,000 (six months ended 30 June 2023: RMB2,992,000) were included in the construction costs.

7. INCOME TAX EXPENSES

Taxation in the interim condensed consolidated statement of profit or loss represents:

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charge for the period	163,490	159,115
Under provision in prior years	3,365	1,128
Deferred	3,446	11,097
	<u>170,301</u>	<u>171,340</u>

(i) Hong Kong

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

(ii) Mainland China

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

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

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

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

The calculation of the basic earnings per share amounts is based on the profit for the Period attributable to equity holders of the Company, and the weighted average number of ordinary shares of 3,058,060,000 (six months ended 30 June 2023: 3,058,060,000) in issue during the Period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the Period.

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

	Property, plant and equipment <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Service concession arrangements <i>RMB'000</i>
Carrying amounts as of 31 December 2023 (Audited)	991,823	278,395	49,645,595
Six months ended 30 June 2024 (Unaudited)			
Additions	173,268	13,890	2,030,710
Disposals	(290)	–	–
Depreciation/amortisation charged for the Period (<i>note 6</i>)	<u>(68,167)</u>	<u>(31,138)</u>	<u>(541,822)</u>
Carrying amounts as of 30 June 2024 (Unaudited)	<u>1,096,634</u>	<u>261,147</u>	<u>51,134,483</u>

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

- (i) As of 30 June 2024 and 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 15):

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Chengle Expressway	13,164,516	12,155,168
Chengren Expressway	5,800,540	5,903,036
Tianqiong Expressway	6,504,921	5,522,506
Suiguang Expressway and Suixi Expressway	10,993,512	11,095,731
Second Ring (Western) Expressway	13,056,317	13,165,127
	49,519,806	47,841,568

- (ii) For the six months ended 30 June 2024, the Group was mainly in the construction of the Chengle Expressway Expansion Construction Project and Tianqiong Expressway Build-Operate-Transfer (“BOT”) Project. Total cost of RMB2,030,710,000 (six months ended 30 June 2023: RMB2,200,859,000), including construction costs of RMB1,760,325,000 (six months ended 30 June 2023: RMB1,993,363,000) and borrowing costs of RMB270,385,000 (six months ended 30 June 2023: RMB207,496,000) were incurred, among which RMB1,760,325,000 (six months ended 30 June 2023: RMB1,993,363,000) was sub-contracted to third party subcontractors.
- (iii) Construction revenue of RMB1,760,325,000 (six months ended 30 June 2023: RMB1,993,363,000) was recognised mainly in respect of the construction services provided by the Group for the Chengle Expressway Expansion Construction Project, Tianqiong Expressways BOT Project using the input method during the six months ended 30 June 2024. Construction revenue was included in the additions to service concession arrangements which should be amortised upon the Group is granted the rights to charge the users under the service concession arrangements of the abovementioned projects.

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

- (iv) Additions to service concession arrangements during the Period include interest capitalised in respect of bank loans amounting to RMB270,385,000 for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB207,496,000) (note 5).
- (v) As of 30 June 2024, other than land with a site area of approximately 2,971,680 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. INVESTMENT IN JOINT VENTURES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Share of net assets	<u>27,181</u>	<u>27,287</u>

Particulars of the Group's joint ventures, which were established and operate in Mainland China as of 30 June 2024, are as follows:

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

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

11. INVESTMENT IN ASSOCIATES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Share of net assets	479,199	474,101

Particulars of the Group's associates, which were established and operate in Mainland China as of 30 June 2024, are as follows:

Name	Percentage of Ownership interest of the Group	Principal activities
Chengdu Airport Expressway (i)	25%	Operation of Chengdu Airport Expressway
Sichuan Renshou Rural Commercial Bank Co., Ltd. (ii)	7.474%	Banking operations
Sichuan Zhongxin Assets Management Company Limited (ii)	5%	Asset management
Shudao Financial Leasing (Shenzhen) Company Limited	25.05%	Finance lease
Chengdu Communications Investment Supply Chain Management International Co., Ltd.	29%	Business services

- (i) The Group's shares in Chengdu Airport Expressway are held by the Company. The Group's shares in other associates are held by the subsidiaries of the Company.
- (ii) According to the article of association of Sichuan Renshou Rural Commercial Bank Co., Ltd. and Sichuan Zhongxin Assets Management Company Limited, a subsidiary of the Group has the representation in the board of directors and therefore can participate in the financial and operating policy decisions of Sichuan Renshou Rural Commercial Bank Co., Ltd. and Sichuan Zhongxin Assets Management Company Limited so as to have significant influence in its activities.

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

12. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Equity investments designated at fair value through other comprehensive income:		
Listed equity investments, at fair value		
China Everbright Bank	<u>85,480</u>	<u>78,199</u>
Unlisted equity investments, at fair value		
Sichuan Intelligent Transportation System Management Company Limited	570	850
Chengdu Chengbei Expressway Gas Station Co., Ltd.	<u>9,320</u>	<u>8,720</u>
	<u>9,890</u>	9,570
	<u>95,370</u>	<u>87,769</u>

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

13. TRADE AND OTHER RECEIVABLES

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Trade receivables		
Trade receivables	1,654,680	1,870,018
Impairment	<u>(3,678)</u>	<u>(3,678)</u>
Trade receivables, net <i>(i)</i>	1,651,002	1,866,340
Bills receivable	<u>–</u>	<u>2,100</u>
	1,651,002	1,868,440
Other receivables		
Deposit and other receivables <i>(ii)</i>	687,778	722,406
Impairment <i>(iii)</i>	<u>(134,406)</u>	<u>(134,406)</u>
	553,372	588,000
Prepayments	<u>271,529</u>	<u>98,610</u>
Total trade and other receivables	<u><u>2,475,903</u></u>	<u><u>2,555,050</u></u>
Less: Current portion	<u>(989,119)</u>	<u>(1,015,838)</u>
Non-current portion	<u><u>1,486,784</u></u>	<u><u>1,539,212</u></u>

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

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

According to the contracts governing the relevant construction works, as of 30 June 2024, trade receivables of RMB1,132,160,000 (31 December 2023: RMB1,106,441,000) are to be settled by instalments within two to thirteen years upon completion of the relevant construction works and bear interest at rates ranging from 4.75% to 8.5% (31 December 2023: 4.75% to 8.5%) per annum. The remaining trade receivables are non-interest-bearing.

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 3 months	52,644	271,256
3 to 6 months	5,139	32,096
6 to 12 months	31,295	19,683
Over 1 year	1,561,924	1,543,305
	<u>1,651,002</u>	<u>1,866,340</u>

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
At beginning of period/year	3,678	37,601
Reversal of loss allowance (<i>note 4</i>)	–	(33,923)
At end of period/year	<u>3,678</u>	<u>3,678</u>

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(ii) The Group's deposits and other receivables are analysed as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Up-front payment of construction contracts	40,866	40,866
Interest receivables on temporary advances and construction revenue	2,452	2,452
Toll income receivables	109,002	136,155
Deductible input value-added tax	292,475	254,940
Prepaid income tax	325	7,847
Deposits	8,226	5,729
Dividend receivables	33,386	16,492
Miscellaneous	201,046	257,925
	<u>687,778</u>	<u>722,406</u>
Impairment allowance	<u>(134,406)</u>	<u>(134,406)</u>
	<u>553,372</u>	<u>588,000</u>

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
At beginning of period/year	134,406	134,406
Provision for loss allowance	<u>—</u>	<u>—</u>
At end of period/year	<u>134,406</u>	<u>134,406</u>

14. TRADE AND OTHER PAYABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade payables (i)	118,724	123,638
Other payables (ii)	2,556,137	2,590,364
Interest payables	–	72,061
Deferred income	286,712	287,741
	2,961,573	3,073,804
Less: Non-current portion	(254,350)	(254,492)
Portion classified as current liabilities	2,707,223	2,819,312

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 3 months	58,495	94,402
3 to 6 months	16,871	13,475
6 to 12 months	31,236	2,787
Over 1 year	12,122	12,974
	118,724	123,638

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

14. TRADE AND OTHER PAYABLES (CONTINUED)

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Advances	28,123	14,913
Inter-network toll collection	13,949	32,804
Payroll and welfare payables	332,006	335,539
Taxes and surcharge payables	65,456	74,714
Progress billing payables	1,456,840	1,531,774
Retention payables and deposits	277,441	271,416
Late fees for unpaid other taxes	27,590	27,590
Others	354,732	301,614
	<u>2,556,137</u>	<u>2,590,364</u>

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Bank loans:		
Secured and guaranteed	9,084,000	9,091,500
Secured	19,923,309	18,464,713
Unsecured	6,158,800	5,720,650
	<u>35,166,109</u>	<u>33,276,863</u>

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Medium-term notes	390,000	1,290,000
Corporate bonds payables	2,000,000	–
Other borrowings, guaranteed	2,373,946	3,091,016
Lease liabilities	122,695	122,798
	40,052,750	37,780,677
Interest accrued	64,183	–
Subtotal	40,116,933	37,780,677
Portion classified as current liabilities	(4,280,867)	(3,387,660)
Non-current portion	35,836,066	34,393,017

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

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

(i) Bank loans were secured by:

	30 June 2024 RMB'000 (Unaudited) (bank loans amount)	31 December 2023 RMB'000 (Audited)
Secured by concession rights of:		
Chengle Expressway	7,605,320	6,719,230
Chengren Expressway	1,199,651	1,281,655
Tianqiong Expressway	5,008,338	4,053,828
Suiguang Expressway and Suixi Expressway	6,110,000	6,410,000
Second Ring (Western) Expressway	9,084,000	9,091,500
	<u>29,007,309</u>	<u>27,556,213</u>

(ii) As of 30 June 2024, the Company had two (31 December 2023: two) tranches of outstanding medium-term notes totalling RMB390,000,000 (31 December 2023: 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 3.43% to 6.30% (31 December 2023: 3.49% to 6.30%) per annum. The medium-term notes were issued at a par value of RMB100 per unit and will be repaid in May 2026 with an original maturity period of five years.

(iii) As of 30 June 2024, the Company had one (31 December 2023: nil) corporate bonds payables RMB2,000,000,000 (31 December 2023: nil). The effective interest rate for these corporate bonds payables is 2.33% (31 December 2023: nil) per annum. These corporate bonds payables were issued at a par value of RMB100 per unit. These corporate bonds payables will be repaid in May 2029, with an original maturity period of five years with issuer's redeem option and investor's putback option in the end of the third year.

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

- (iv) The balance as of 30 June 2024 consisted of interest accrued in respect of medium-term notes, corporate bonds payables and interest-bearing bank and other borrowings of RMB23,586,000, RMB4,663,000 and RMB35,934,000, respectively.
- (v) As of 30 June 2024, the bank loans of RMB9,084,000,000 (31 December 2023: RMB9,091,500,000) were guaranteed by Shudao Investment.
- (vi) As of 30 June 2024, other borrowings of RMB2,373,946,000 (31 December 2023: RMB3,091,016,000) were guaranteed by Shudao Investment.

16. DIVIDENDS

At a meeting of the board of directors held on 29 August 2024, the directors of the Company resolved not to pay an interim dividend to shareholders of the Company (six months ended 30 June 2023: nil).

The proposed final dividend of RMB0.24 per ordinary share for the year ended 31 December 2023 (2022: RMB0.10) was declared during the Period and fully paid as of 11 July 2024.

RESULTS

The Group is principally engaged in the investment, construction, operation and management of expressways and the expansion of traditional core businesses of derivative economy along the expressways, as well as the fostering and development of the green energy industry with a focus on “charging, battery bank + power replacement and hydrogen energy”. In the first half of 2024, the national economy remained generally stable, but the complexity, severity and uncertainty of the external environment increased significantly, and the deep adjustment of the domestic economic structure also brought new and indispensable challenges. The Group adhered to the goal orientation, focused on the development and implementation of development path, mechanism reform, market value management and so on, and made efforts and worked together with one heart and mind to promote the steady and orderly development of the Company.

During the Reporting Period, the revenue of the Group amounted to approximately RMB5,319,241,000, representing a year-on-year decrease of approximately 5.98%. In particular, the revenue from expressway segment amounted to approximately RMB2,325,982,000, representing a year-on-year decrease of approximately 1.50%; the revenue from construction services segment amounted to approximately RMB1,783,253,000, representing a year-on-year decrease of approximately 12.26%; the revenue from transportation service segment amounted to approximately RMB1,041,825,000, representing a year-on-year increase of approximately 11.24%; the revenue from transportation logistics segment amounted to approximately RMB107,614,000, representing a year-on-year decrease of approximately 65.53%; and the revenue from new energy technology segment amounted to approximately RMB60,567,000, representing a year-on-year increase of approximately 311.96%. The profit attributable to the owners of the Company was approximately RMB698,095,000, representing a year-on-year decrease of approximately 10.54%. Basic earnings per share was approximately RMB0.228 (the same period in 2023: approximately RMB0.255). As at 30 June 2024, the Group had total assets of approximately RMB60,116,132,000 and net assets of approximately RMB16,624,247,000.

BUSINESS REVIEW AND ANALYSIS

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

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

Item	Shareholding percentage (%)	Average daily traffic flow (vehicles)			Toll income (RMB'000)		
		For the Period	2024		For the Period	2024	
			Same			Same	
			period in 2023	Increase/ (decrease) (%)		period in 2023	Increase/ (decrease) (%)
Chengyu Expressway	100.00	21,189	20,636	2.68	419,848	411,956	1.92
Chengya Expressway	100.00	38,407	37,796	1.62	504,116	505,658	(0.30)
Chengren Expressway	100.00	34,277	36,542	(6.20)	433,559	477,746	(9.25)
Chengle Expressway	100.00	39,526	34,316	15.18	293,275	262,766	11.61
Chengbei Exit Expressway (including Qinglongchang Bridge)	60.00	46,852	47,880	(2.15)	50,306	56,649	(11.20)
Suiguang Expressway	100.00	11,928	12,487	(4.48)	131,484	142,641	(7.82)
Suixi Expressway	100.00	10,107	9,585	5.45	85,734	84,347	1.64
Second Ring (Western) Expressway	100.00	27,767	/	/	407,660	428,967	(4.97)

Notes: 1. Since the Company merged Rongcheng Second Ring Company under common control in April 2023, 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.

2. The statistics source for traffic flow of Chengbei Exit Expressway (including Qinglongchang Bridge) changes. In order to maintain the comparability, the statistics source of the same period last year shall be adjusted accordingly.
3. During the Reporting Period, the number of days for exempting minibus tolls on major holidays increased by 4 days as compared with the same period last year.
4. The toll operation period of Chengyu Expressway, Chengya Expressway, Chengbei Exit Expressway, Chengle Expressway, Chengren Expressway, Suixi Expressway, Suiguang Expressway and Second Ring (Western) Expressway is up to 2027, 2029, 2025, 2029, 2042, 2046, 2046 and 2046, respectively.

During the Reporting Period, the toll income of the Group was approximately RMB2,325,982,000, representing a decrease of approximately 1.89% as compared with the same period last year. The toll income accounted for approximately 43.73% of the Group's operating revenue, representing an increase of approximately 1.99 percentage points as compared with the same period last year. During the Reporting Period, the overall operating performance of the Group's expressways was affected by the combined effects of the following factors:

(1) Economic factors

In the first half of 2024, the national economy has generally maintained a good trend of continuous recovery and remained stable while making progress. China's gross domestic product amounted to RMB61,683.6 billion, representing a year-on-year increase of 5.0%¹ at constant prices. The People's government of Sichuan Province has insisted on striving for progress while maintaining stability, focusing on the work of economic construction centre and high-quality development, and accelerating the cultivation and development of new-quality productive forces. The economic operation of the whole province remained stable while making progress. In the first half of 2024, the regional GDP of the whole province was RMB2,946.33 billion, representing a year-on-year increase of 5.4%² at constant prices. However, it is worth noting that although the national economy has generally maintained a stable operation, the external environment has shown an increasingly complex situation, and the severity and uncertainty have been significantly enhanced. Coupled with the continuous deepening of domestic structural adjustment, these external and internal factors jointly formed new challenges and constituted a double test for the Group and various economic entities. In this context, the overall operation and performance of the Group were inevitably affected to varying degrees.

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

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

(2) Policy factors

According to the Notice on Printing and Implementing the Work Plan of the Green Channel Policy for Fresh Agricultural Products Transportation 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 and the work arrangement of Sichuan Province, since 1 June 2023, the national unified Catalogue of Fresh Agricultural Products (《鮮活農產品品種目錄》) will be strictly implemented, and the export inspection standards of vehicles in compliance with the Green Channel Policy will be standardized. Refrigerated trucks that do not meet the inspection standards will not enjoy the Green Channel Policy.

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 Strong Transportation Country (2023-2027)” (《加快建設交通強國五年行動計劃(2023-2027年)》) (hereinafter referred to as the “**Action Plan**”). The Action Plan proposes the action goals and tasks of accelerating the construction of a strong transportation country in the next five years, which insists on continuously implementing the “Two Outlines” and the “14th Five Year Plan” series of transportation plans, and plans and promotes transportation work during the “15th Five Year Plan” period to build a modern comprehensive transportation system that is safe, convenient, efficient, green, and economical, and achieve effective improvement in transportation quality and reasonable growth in quantity. The Action Plan sets the goal of achieving phased results in accelerating the construction of a strong transportation country by 2027, making new breakthroughs in high-quality development of transportation, achieving significant results in the construction of the “Four First Class”, making significant progress in the construction of a modern comprehensive transportation system, accelerating the construction of the “National 123 Travel Transportation Circle” and the “Global 123 Express Logistics Circle”, and effectively serving and ensuring the start of the comprehensive construction of a socialist modernized country.

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

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

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

Chengya Expressway: Ehan (Mount Emei-Hanyuan) Expressway was officially opened to traffic on 29 December 2023, and is still in the zero-rate operation stage until now. Vehicles that traveled to Hanyuan or Xichang via Chengya-Yaxi may now choose the Chengle-Lehan route, which will divert vehicles from Chengya Expressway.

Chengren Expressway: On 26 December 2023, Chengyi (Chengdu-Yibin) high-speed rail was opened, and diversified transportation methods intensified competition in the passenger transport market. At the same time, as the frequency of Chengdu-Yibin high-speed rail increases, more vehicles are diverted from Chengren Expressway; on 23 March 2024, Renmuxin (Renshou-Muchuan-Xinshi) Expressway, the extended section of Chengren Expressway, commenced toll collection, and drivers and passengers may choose alternative routes in order to save toll costs.

Chengle Expressway: From 16 February 2023 to 5 July 2023, the section from Mianzhu North Hub Interchange to Guli Dam Interchange was closed to one-half for expansion and construction, while no similar construction was implemented during the same period this year, leading to a substantial increase in traffic volume as compared to the same period of last year.

Suiguang Expressway: On 4 February 2024, the Wusheng County Government issued the Temporary Traffic Announcement of the Guang'an Zaoshan to Wusheng County Road Reconstruction Project on G350 Line (《G350線廣安棗山至武勝縣城段公路改建工程臨時通車公告》), announcing that the main project of the G350 Line Guang'an Zaoshan to Wusheng County Road Reconstruction Project was mostly completed, and it would be temporarily opened in two lanes and two ways during the period from 00:00 on 6 February 2024 to 24:00 on 25 February 2024 (20 days). As it is a local road with no toll collection, most vehicles from Guang'an to Wusheng and from Wusheng to Guang'an ceased to choose Suiguang Expressway for their passage, resulting in the diversion of Suiguang Expressway.

Chengbei Exit Expressway: From 15 April 2024 to 7 November 2024, traffic control has been implemented on the Guanghan-Second Ring section of G5 Chengdu-Mianyang Expressway due to reconstruction, and such long-term closure for construction and traffic control resulted in a decrease in traffic volume in respect of Chengbei Exit Expressway.

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

(1) Chengle Expressway Expansion Construction Project

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

into the Investment Agreement for the Expansion Construction Project of Chengdu-Leshan Expressway and the Public-Private-Partnership (PPP) Project Contract for the Expansion Construction Project of Chengdu-Leshan Expressway with Chengle Company. On 27 January 2022, the 81 km section from Meishan to Leshan fully realized two-way eight-lane passage. On 11 May 2023, Leshan city transit double-track section of Chengle Expressway Expansion Project was put into operation. From the date of construction commencement to 30 June 2024, the cumulative investment in Chengle Expressway Expansion Construction Project was approximately RMB12.750 billion.

(2) *Tianqiong Expressway BOT Project*

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

On 4 March 2020, Sichuan Chengqiongya Expressway Company Limited was incorporated in Qionglai of Sichuan Province as a project company to take charge of the investment, construction and operation of Tianqiong Expressway, with project company's registered capital of RMB1.737 billion, of which the Company contributed RMB1.424 billion. From the commencement date of construction to 30 June 2024, an accumulated investment of approximately RMB6.505 billion had been invested in the Tianqiong Project.

ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION

Summary of the Group's Operating Results

	For the six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Revenue	5,319,241	5,657,375
Including: Expressways segment revenue	2,325,982	2,361,466
Construction services segment revenue	1,783,253	2,032,462
Transportation services segment revenue	1,041,825	936,568
Transportation logistics segment revenue	107,614	312,177
New energy technologies segment revenue	60,567	14,702
Others segment revenue	–	–
Profit before tax	902,973	998,851
Profit attributable to owners of the Company	698,095	780,353
Earnings per share attributable to owners of the Company (<i>RMB</i>)	0.228	0.255

Summary of the Group's Financial Position

	30 June 2024	31 December 2023
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Total assets	60,116,132	57,640,787
Total liabilities	43,491,885	40,967,506
Non-controlling interests	980,949	999,963
Equity attributable to owners of the Company	15,643,298	15,673,318
Equity per share attributable to owners of the Company (<i>RMB</i>)	5.115	5.125

REVENUE

The Group's revenue for the Period amounted to RMB5,319,241,000 (the same period in 2023: RMB5,657,375,000), representing a year-on-year decrease of 5.98%, of which:

- (1) The expressway segment revenue was RMB2,325,982,000 (the same period in 2023: RMB2,361,466,000), representing a decrease of 1.50% compared with the corresponding period of the previous year. During the Period, due to the preferential policies of differentiated charges, the holiday effect in the first half of the year and the improvement of the Company's operating services, the toll revenue of Chengyu Expressway and Chengle Expressway increased to varying degrees, in particular, the toll revenue of Chengyu Expressway increased by RMB7,892,000 or 1.92% compared with the corresponding period of the previous year; the toll revenue of Chengle Expressway increased by RMB30,509,000 or 11.61% compared with the corresponding period of the previous year. The toll revenue of other road sections has decreased to varying degrees, which was mainly due to the decrease in traffic volume under the influence of factors including the diversion to adjacent expressways in the road network, the diversion to Chengyi High-speed Railway and the current social economy, resulting in year-on-year decrease in toll revenue, of which: the toll revenue of Chengya Expressway decreased by RMB1,542,000 or 0.30% compared with the corresponding period of the previous year; the toll revenue of Chengren Expressway decreased by RMB44,187,000 or 9.25% compared with the corresponding period of the previous year; the toll revenue of Chengbei Exit Expressway decreased by RMB6,343,000 or 11.20% compared with the corresponding period of the previous year; the toll revenues of Suiguang-Suixi Expressways decreased by RMB9,770,000 or 4.30% compared with the corresponding period of the previous year; and the toll revenue of the Second Ring (Western) Expressway decreased by RMB21,307,000 or 4.97% compared with the corresponding period of the previous year. Please refer to "operating conditions of the toll roads and bridges business of the Group" in this announcement for details of the main factors affecting the toll income of the Group during the Reporting Period;

- (2) The construction services segment revenue was RMB1,783,253,000 (the same period in 2023: RMB2,032,462,000), representing a decrease of 12.26% compared with the corresponding period of the previous year, which was mainly due to that: (1) the construction contract revenue in respect of service concession arrangements was RMB1,760,325,000 (the same period in 2023: RMB1,993,363,000), representing a decrease of 11.69% compared with the corresponding period of the previous year, which was primarily the construction contract revenue from Chengle Expressway Expansion Construction Project and Tianqiong Expressways BOT Project recognized under the input method; (2) construction contract revenue in respect of construction works performed for third parties amounted to RMB22,928,000 (the same period in 2023: RMB39,255,000), representing a decrease of 41.59% compared with the corresponding period of the previous year, which was primarily the construction services revenue from Ziyang Jiaozi Avenue Project and Tourism Highway Project in Dachuan River Scenic Spot in Lushan County recognized under the input method;
- (3) The transportation service segment revenue was RMB1,041,825,000 (the same period in 2023: RMB936,568,000), representing an increase of 11.24% compared with the corresponding period of the previous year, which was mainly due to the increase in sales revenue of commodities and trade caused by business expansion for the Period;
- (4) The transportation logistics segment revenue was RMB107,614,000 (the same period in 2023: RMB312,177,000), representing a decrease of 65.53% compared with the corresponding period of the previous year, which was mainly due to the year-on-year decrease in transaction volume of North-South Grain Transportation Project of the Company for the Period;
- (5) The new energy technology segment revenue was RMB60,567,000 (the same period in 2023: RMB14,702,000), representing an increase of 311.96% compared with the corresponding period of the previous year, which was mainly due to the increase in the operating scale of charging stations, the implementation of differentiated charging for on-road charging stations, and the Company's active expansion of trade, introduction of partners, interconnection, escrow and other business models, resulting in the increase in charging service revenue and other revenue of electric vehicles.

OTHER INCOME AND GAINS

The Group's other income and gains for the Period amounted to RMB102,788,000 (the same period in 2023: RMB145,162,000), representing a decrease of 29.19% compared with the corresponding period of the previous year, mainly due to that in 2023, Shudao Investment has already returned the loan of Rongcheng Second Ring Company in advance, resulting in no interest income from this loan of the Group in 2024.

OPERATING EXPENSES

The Group's operating expenses for the Period amounted to RMB4,097,076,000 (the same period in 2023: RMB4,368,814,000), representing a decrease of 6.22% compared with the corresponding period of the previous year, of which:

- (1) During the Period, construction contract cost recognized under the input method in respect of service concession arrangements was RMB1,760,325,000 (the same period in 2023: RMB1,993,363,000), representing a decrease of 11.69% compared with the corresponding period of the previous year, which was primarily the construction costs of the service concession arrangements;
- (2) Depreciation and amortization expenses were RMB641,127,000 (the same period in 2023: RMB620,450,000), representing an increase of 3.33% compared with the corresponding period of the previous year, mainly attributable to the increase in amortization for service concession arrangements, and depreciation of property, plant and equipment for the Period;
- (3) The cost of sales of goods was RMB987,483,000 (the same period in 2023: RMB1,086,873,000), representing a decrease of 9.14% compared with the corresponding period of the previous year, which was mainly due to the decrease in the cost of sales attributable to the decrease in North-South Grain Transportation Project for the Period;
- (4) The cost of charging services included for the current year was RMB24,653,000 (the same period in 2023: RMB7,411,000), representing an increase of 232.65% compared with the corresponding period of the previous year, which was mainly due to the increase in the cost of electricity attributable to further efforts to lay out the charging network of new energy vehicles this year;
- (5) Repair and maintenance costs were RMB67,362,000 (the same period in 2023: RMB63,691,000), representing an increase of 5.76% compared with the corresponding period of the previous year, which was the daily maintenance costs of the ancillary facilities of all expressways of the Group;
- (6) Late fees relating to unpaid taxes were RMB605,000 (the same period in 2023: RMB4,074,000), representing a decrease of 85.15% compared with the corresponding period of the previous year; the impairment loss on goodwill decreased by RMB7,583,000 compared with the corresponding period of the previous year (the same period in 2023: RMB7,583,000), representing a decrease of 100.00% compared with the corresponding period of the previous year; and the loss on disposal of property, plant and equipment was RMB69,000 (the same period in 2023: RMB1,012,000), representing a decrease of 93.18% compared with the corresponding period of the previous year.

FINANCE COSTS

The Group's finance costs for the Period amounted to RMB709,586,000, of which expensed interest expenditure amounted to RMB439,201,000 (the same period in 2023: RMB672,751,000, of which expensed interest expenditure amounted to RMB465,255,000), representing an increase of 5.48% compared with the corresponding period last year. The increase in finance costs for the Period was mainly due to the increase in the size of bank loans and the newly issued corporate bonds during the Period.

INCOME TAX

The income tax expense of the Group for the Period amounted to RMB170,301,000, representing a decrease of approximately 0.61% compared with RMB171,340,000 in the corresponding period of 2023.

PROFIT

The Group's profit for the Period amounted to RMB732,672,000 (the same period in 2023: RMB827,511,000), representing a decrease of RMB94,839,000 compared with the corresponding period of the previous year, of which the profit attributable to owners of the Company was RMB698,095,000 (the same period in 2023: RMB780,353,000), representing a decrease of RMB82,258,000 compared with the corresponding period of the previous year. This was mainly due to:

- (1) The profit of the expressways segment for the Period was approximately RMB955,192,000 (the same period in 2023: RMB1,033,579,000), representing a decrease of 7.58% compared with the corresponding period of the previous year, which was mainly due to the decrease of RMB44,748,000 in toll revenue of the expressway business for the Period compared with the corresponding period of the previous year as a result of the decrease in traffic volume under the influence of factors including the diversion to adjacent expressways in the road network, the diversion to Chengyi High-speed Railway and the social economy, as well as the natural increase in depreciation and amortization for service concession arrangements;
- (2) The profit of the construction services segment for the Period was approximately RMB38,021,000 (the same period in 2023: loss of RMB1,959,000), representing an increase of 2,040.84% compared with the corresponding period of the previous year, which was mainly due to the income of Ziyang Jiaozi Avenue Project and Renshou Project is net income, and there is no corresponding cost, resulting in an increase in profits;

- (3) The profit of the transportation services segment for the Period was approximately RMB118,885,000 (the same period in 2023: RMB89,456,000), representing an increase of 32.90% compared with the corresponding period of the previous year, which was mainly due to the increase in profit with the growth of retail sales and gross profit per ton of oil products for the Period;
- (4) The profit of the transportation logistics segment for the Period was approximately RMB346,000 (the same period in 2023: RMB42,029,000), representing a decrease of 99.18% compared with the corresponding period of the previous year, which was mainly due to the receipt of all receivables from the judicial restructuring of the Weston Project and the reversal of the impairment provision of RMB33,922,740 in the same period of last year, and no similar business occurred for the Period;
- (5) The profit of the new energy technologies segment for the Period was approximately RMB15,289,000 (the same period in 2023: RMB3,073,000), representing an increase of 397.53% compared with the corresponding period of the previous year, which was mainly due to the increase of gross profit resulting from the expansion of business scale and business sector for the Period;
- (6) The profit of the others segment for the Period was approximately RMB20,242,000 (the same period in 2023: RMB29,504,000), representing a decrease of 31.39% compared with the corresponding period of the previous year, which was mainly due to the decrease in investment income of Renshou Rural Commercial Bank and Zhongxin Company Project in the first half of the year.

ANALYSIS OF FINANCIAL POSITION

Non-current Assets

As at 30 June 2024, the Group's non-current assets amounted to RMB56,202,787,000, representing an increase of 3.08% as compared with the amount at the end of 2023, mainly attributable to:

1. An increase of RMB1,488,888,000 in service concession arrangements as compared with the end of 2023, which included an increase of approximately RMB2,030,710,000 in the service concession carrying value and the provision for amortization of service concession arrangements of approximately RMB541,822,000;
2. A decrease of RMB17,248,000 in right-of-use assets as compared with the end of 2023, mainly due to the provision for amortization of approximately RMB31,138,000 and addition of right-of-use assets of approximately RMB13,890,000 for the Period;

3. An increase of RMB104,811,000 in property, plant and equipment as compared with the end of 2023, which was mainly the addition of property, plant and equipment of approximately RMB173,268,000 and the provision for depreciation of approximately RMB68,167,000 for the Period;
4. An increase of RMB4,992,000 in investment in associates and joint ventures as compared with the end of 2023, mainly attributable to: (1) the decrease of approximately RMB12,229,000 in the total carrying value resulting from the receipt of dividends of RMB12,229,000 from Chengdu Airport Expressway; (2) the increase in carrying amount following the recognition of income from investment in a total amount of RMB17,221,000 during the Period;
5. An increase of RMB7,601,000 in equity investments designated at fair value through other comprehensive income as compared with the end of 2023, which was mainly due to the changes in fair value of equity investments in China Everbright Bank Co., Ltd.;
6. An increase of RMB4,985,000 in financial assets at fair value through profit or loss as compared with the end of 2023, which was mainly due to the changes in fair value of equity investments in Chuanshang Fund;
7. An increase of RMB23,464,000 in prepayments as compared with the end of 2023, which was mainly due to the increase in sandstone procurement arranged by local government departments.

Current Assets and Current Liabilities

As at 30 June 2024, the current assets of the Group amounted to RMB3,913,345,000, representing an increase of 25.47% as compared with the amount at the end of 2023, mainly attributable to:

- (a) An increase of RMB746,894,000 in the balance of cash and bank balances as compared with the amount at the end of 2023, mainly attributable to the increase in cash flow generated from financing activities due to the issuance of corporate bonds during the Period;
- (b) A decrease of RMB26,719,000 in trade and other receivables included in current items as compared with the amount at the end of 2023, mainly due to a decrease in trade receivables (including bill receivables) of RMB165,011,000, a decrease in other receivables of RMB34,626,000 and an increase in prepayment of RMB172,918,000;
- (c) An increase of RMB74,252,000 in inventories as compared with the end of 2023, mainly due to the increase of purchase of oil products for the Period;

As at 30 June 2024, the Group's current liabilities amounted to RMB7,398,411,000, representing an increase of 17.11% as compared with the amount at the end of 2023, mainly attributable to an increase of RMB25,354,000 in tax payable; a decrease of RMB112,089,000 in trade and other payables; an increase of RMB38,709,000 in contract liabilities; an increase of RMB893,207,000 in current portion of interest-bearing bank and other borrowings; and an increase of RMB235,478,000 in dividend payable.

Non-current Liabilities

As at 30 June 2024, the non-current liabilities of the Group amounted to RMB36,093,474,000, representing an increase of 4.17% as compared with the amount at the end of 2023, which was principally attributable to an increase of RMB1,443,049,000 in non-current portion of interest-bearing bank and other borrowings as compared with the amount at the end of last year; an increase of RMB813,000 in deferred tax liabilities as compared with the amount at the end of last year; and a decrease of RMB142,000 in deferred income as compared with the amount at the end of last year.

Equity

As at 30 June 2024, the Group's equity amounted to RMB16,624,247,000, representing a decrease of 0.29% as compared with the amount of RMB16,673,281,000 at the end of 2023, mainly attributable to: (1) profit of RMB732,672,000 for the Period, which increased the equity; (2) an increase in equity of RMB6,023,000 due to the adjustment to the fair value of equity investments designated at fair value through other comprehensive income; (3) dividends of RMB53,795,000 paid to non-controlling shareholders, which decreased the equity; and (4) the final dividend for 2023 declared in the Period amounting to RMB733,934,000, which decreased the equity.

Capital Structure

As at 30 June 2024, the Group had total assets of RMB60,116,132,000 and total liabilities of RMB43,491,885,000. The gearing ratio, which was calculated as the Group's total liabilities divided by its total assets, was 72.35% (31 December 2023: 71.07%).

Cash Flow

As at 30 June 2024, the cash and cash equivalents of the Group amounted to RMB2,544,079,000, representing an increase of approximately RMB816,274,000 as compared with the amount at the end of 2023. It comprised approximately HKD113,000 (equivalent to approximately RMB104,000) of deposits in Hong Kong dollars, and RMB2,543,975,000 of cash and cash equivalents in Renminbi.

During the Period, net cash outflow used in operating activities of the Group amounted to RMB63,810,000 (the same period in 2023: net cash outflow of RMB85,351,000), representing a decrease of RMB21,541,000 in net cash outflow compared with the same period last year, which was mainly due to the decrease of RMB95,878,000 in profit before tax as compared with the same period last year; the additions to service concession arrangements resulted in a decrease of RMB193,608,000 in cash outflow as compared with the same period last year; the increase in restricted deposits resulted in an increase in cash inflow of RMB5,000 for the Period as compared with the same period last year; the increase in long-term prepayments resulted in a decrease in cash outflow of RMB167,326,000 for the Period as compared with the same period last year; the increase in deferred income resulted in a decrease of RMB5,678,000 in cash outflow for the Period as compared with the same period last year; the decrease in trade and other receivables resulted in a decrease of RMB114,908,000 in cash inflow for the Period as compared with the same period last year; the increase in inventories resulted in an increase of RMB69,756,000 in the cash outflow for the Period as compared with the same period last year; the increase in contract liabilities resulted in an increase of RMB9,956,000 in the cash inflow for the Period as compared with the same period last year; the increase in trade and other payables resulted in an increase of RMB270,865,000 in cash outflow for the Period as compared with the same period last year; the decrease in payables to ultimate holding company resulted in the decrease of RMB74,000 in cash outflow for the Period as compared with the same period last year.

Net cash outflow from investing activities of the Group amounted to RMB111,637,000 (the same period in 2023: net cash inflow of RMB2,572,644,000), representing an increase in net cash outflow of RMB2,684,281,000 as compared with the same period last year, mainly due to an increase of RMB24,260,000 in cash outflow from the purchase of property, plant and equipment during the Period as compared with the same period last year; a decrease of RMB5,346,000 in cash inflow for proceeds from disposal of property, plant and equipment during the Period as compared with the same period last year; a decrease of RMB47,195,000 in cash inflow from interest received during the Period as compared with the same period last year; a decrease of RMB4,709,000 in cash inflow for dividends received from joint ventures during the Period as compared with the same period last year; a decrease of RMB557,000 in cash inflow for dividends from equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss during the Period as compared with the same period last year; a decrease of RMB50,000,000 in cash inflow for the recovery of proceeds from the disposal of investments in joint ventures during the Period as compared with the same period last year; an increase of RMB19,395,000 in cash outflow from the increase in time deposits during the Period as compared with the same period last year; a decrease of RMB2,200,000,000 in cash inflow for repayment of loans received from the ultimate holding company during the Period as compared with the same period last year; a decrease of RMB82,819,000 in cash inflow from the recovery of centralized management funds during the Period as compared with the same period last year; and a decrease of RMB250,000,000 in cash inflow for the repayment of loans received from related parties during the Period as compared with the same period last year.

Net cash inflow used in financing activities was RMB991,721,000 (the same period in 2023: net cash outflow of RMB1,753,713,000), representing an increase in net cash inflow of RMB2,745,434,000 as compared with the same period last year, which was mainly due to a decrease of RMB2,289,890,000 in cash inflow from new bank loans, other loans, corporate bonds and super short-term commercial papers as compared with last year; a decrease of RMB634,948,000 in cash outflow for repayment of bank loans, other loans, medium-term notes, super short-term commercial papers and payment of lease principal as compared with last year; an increase of RMB34,900,000 in cash outflow from interest paid as compared with the same period last year; an increase of RMB302,784,000 in cash outflow from dividend paid to the owners of the Company compared with the same period last year; a decrease of RMB17,560,000 in cash inflow from investment by non-controlling shareholders as compared with the same period last year; a decrease of RMB18,791,000 in cash outflow from dividend paid to non-controlling shareholders as compared with the same period last year; a decrease of RMB5,903,000,000 in cash outflow of business combination under common control as compared with the same period last year; and a decrease of RMB103,725,000 in cash outflow from payment of guarantee fees as compared with the same period last year.

Foreign Exchange Fluctuation Risks

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

Borrowings and Solvency

As at 30 June 2024, the Company's interest-bearing bank and other borrowings amounted to RMB40,116,933,000, all of which bore fixed interest rates. In particular, the balance of bank loans was RMB35,166,109,000, with annual interest rates ranging from 2.18% to 3.98%; the balance of medium-term notes amounted to RMB390,000,000, with annual interest rates ranging from 3.43% to 6.30%; the balance of corporate bonds amounted to RMB2,000,000,000, with annual interest rates of 2.33%; the balance of sum of other loans and lease liabilities amounted to RMB2,496,641,000, with annual interest rates of 4.26% to 5.10%, and the balance of accrued interest amounted to RMB64,183,000. The relevant balances are set out as follows:

Interest-Bearing Bank and other Borrowings

	Total Amount	Within 1 year	1 to 5 years	Over 5 years
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank loans	35,166,109	2,829,649	8,951,098	23,385,362
Medium-term notes	390,000	290,000	100,000	–
Corporate bonds	2,000,000	–	2,000,000	–
Other borrowings and lease liabilities	2,496,641	1,097,035	1,388,784	10,822
Interest accrued	64,183	64,183	–	–
	<u>40,116,933</u>	<u>4,280,867</u>	<u>12,439,882</u>	<u>23,396,184</u>
Total (as at 30 June 2024 (unaudited))	<u>40,116,933</u>	<u>4,280,867</u>	<u>12,439,882</u>	<u>23,396,184</u>
	<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 2023 (audited))	<u>37,780,677</u>	<u>3,387,660</u>	<u>11,535,949</u>	<u>22,857,068</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 RMB64,152 million from financial institutions available for use in the following one to two years. In addition, in 2010, China CITIC Bank Corporation Limited (Chengdu Branch) as leader and other eight banks carrying on businesses in the PRC formed a syndicate, which signed a loan contract with the Group for a medium and long-term loan of RMB4,890 million. Such loan is specially used for construction of Chengren Expressway BOT Project. In 2019, China CITIC Bank Corporation Limited (Chengdu Branch) transferred the entire loan balance under the Syndicated Contract to China Construction Bank Corporation (Sichuan Branch), and China Construction Bank Corporation (Sichuan Branch) became the leader in 2020. As at 30 June 2024, the balance of the syndicated loan for the project was RMB1,200 million.

In 2013, China Development Bank (Sichuan Branch) as leader formed a syndicate with other four banks carrying out businesses in the PRC, which signed a loan contract with the Group for a medium and long-term loan of RMB4,950 million. Such loan is specially used for construction of Suiguang Expressways BOT Project. As at 30 June 2024, the balance of the syndicated loan for the project amounted to RMB3,740 million. In 2013, China Development Bank (Sichuan Branch) as leader formed a syndicate with other two banks carrying out businesses in the PRC, which signed a loan contract with the Group for a medium and long-term loan of RMB3,380 million. Such loan is specially used for construction of Suixi Expressways BOT Project. As at 30 June 2024, the balance of the syndicated loan for the project amounted to RMB2,370 million.

In 2019, China Construction Bank Corporation (Sichuan Branch) and China Development Bank (Sichuan Branch) as leaders formed a syndicate with five other banks carrying out businesses in the PRC, which signed a loan contract with the Group for a medium and long-term loan of RMB10,400 million. Such loan is specially used for Chengle Expressway Expansion Construction Project. As at 30 June 2024, the balance of the syndicated loan for the project was RMB5,834 million; in 2021, China Construction Bank Corporation (Sichuan Branch) and China Development Bank (Sichuan Branch) as leaders and other three banks carrying out businesses in the PRC formed a syndicate, which signed a loan contract with the Group for a medium and long-term loan of RMB6,920 million. As at 30 June 2024, the balance of the syndicated loan for the project amounted to RMB1,771 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 Merchants Bank Co., Ltd. (Chengdu Branch) as leaders formed a syndicate with five other banks carrying out businesses in the PRC, which signed a loan contract with the Group for a medium and long-term loan of RMB6,948 million. Such loan is specially used for construction of the Tianqiong Expressway BOT Project. As at 30 June 2024, the balance of the syndicated loan for the project was RMB5,008 million.

In 2020, China Development Bank (Sichuan Branch) as leader formed a syndicate 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 Project. As at 30 June 2024, the balance of the syndicated loan for the project amounted to RMB9,084 million.

Pledge of Assets

As at 30 June 2024, the concession right of the Group to collect toll pertaining to Chengle Expressway with net carrying value of RMB13,164,516,000 (31 December 2023: RMB12,155,168,000) was pledged to secure the syndicated loan amounting to RMB7,605,320,000 (31 December 2023: RMB6,719,230,000); the concession right to collect toll pertaining to Chengren Expressway with net carrying value of RMB5,800,540,000 (31 December 2023: RMB5,903,036,000) was pledged to secure the syndicated loan amounting to RMB1,199,651,000 (31 December 2023: RMB1,281,655,000); the concession right to collect toll pertaining to SuiguangSuixi Expressways with net carrying value of RMB10,993,512,000 (31 December 2023: RMB11,095,731,000) was pledged to secure the syndicated loan amounting to RMB6,110,000,000 (31 December 2023: RMB6,410,000,000); the concession right to collect toll pertaining to Tianqiong Expressway with net carrying value of RMB6,504,921,000 (31 December 2023: RMB5,522,506,000) was pledged to secure the syndicated loan amounting to RMB5,008,338,000 (31 December 2023:

RMB4,053,828,000); and the concession right to collect toll pertaining to the Second Ring (Western) Expressway with net carrying value of RMB13,056,317,000(31 December 2023: RMB13,165,127,000) was pledged to secure the syndicated loan amounting to RMB9,084,000,000 (31 December 2023: RMB9,091,500,000).

Save as disclosed above, the Group did not have any other contingent liabilities, pledge of assets or guarantees as at 30 June 2024.

BUSINESS DEVELOPMENT PLAN

Based on the forecast and judgement of future economic situation, policy environment and developments of the industry and our business in the second half of 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. Strengthening the foundation of the core business and driving the rapid transformation of the industry

Focusing on the responsibility and core of the highway, relying on the transportation network advantages of Sichuan, the Company adopts strategies such as upgrading and expanding existing roads, asset integration, and acquiring high-quality road assets to strengthen the foundation of the core business from multiple dimensions, open up new growth paths, and accelerate the pace of industrial transformation and upgrading. On the one hand, we aim to improve the existing assets and increase quality and efficiency. We adhere to strict engineering quality and accelerate the construction of key projects such as Chengde expansion and Tianqiong Expressway to optimize asset quality and efficiency. On the other hand, we aim to expand and develop new assets and increase development space. Firstly, we closely follow the expansion and improvement of our existing high-quality road assets to extend the operating cycle of existing assets. Secondly, based on the provincial highway construction plan and investment situation, we actively strive for high-quality new construction projects to expand our asset scale. Thirdly, we proactively explore the market and seek to acquire high-quality road assets to expand our industry map.

2. Accelerating the cultivation of new energy businesses and planning for the layout of comprehensive energy industries

As a key industry for the Company's transformation and development, the green energy business is being actively planned and developed. The Company is accelerating the layout of energy industries and moving from "connecting points" to "weaving lines into a network". Next, the Company will focus on two key cultivation directions: first, deepening the expansion of the new energy industry chain, and achieving a comprehensive upgrade from back-end services to front-end research and development to form a diversified profit structure. Second, relying on the existing road network advantages, we will accelerate the construction of a new ecological energy service system. Through the coordinated development of the Company's traditional oil and gas energy business and new energy businesses such as charging and swapping, hydrogenation, and energy storage, we will achieve coexistence of multiple energy formats and seek high growth in comprehensive energy services for the energy industry.

3. Grasping both industrial operation and capital operation, building a new pattern of "dual-wheel drive" development

The Company focuses on the "dual-wheel drive" core, which is to give equal weight to both industrial operation and capital operation, aiming to create a new development situation. On the one hand, the Company will deepen its industrial operations and strive to dig and create intrinsic value. Through accelerating industrial layout optimization, strengthening management efficiency, deepening internal mechanism reforms, and seizing the opportunities of digital transformation, intelligent upgrading, and green development, we will lead our business towards emerging scenarios and formats, achieve transformation and upgrading, and create sustained value.

On the other hand, the Company will focus on capital operation, with market value management as the core, to fully build a high-quality brand image on the capital market. The Company will continuously optimize our market value management mechanism, strengthen investor relations management, and promote effective value transmission through efficient information disclosure and various forms of interaction with investors. At the same time, we will resolutely implement our shareholder return plan, demonstrating the Company's growth potential and value creation capabilities.

4. Multi-dimensional cost control to improve efficiency, deepening cost management

We establish a long-term mechanism to reduce costs and improve efficiency, strictly control costs, and refine cost standards; strengthen supervision of large special expenses and implement hierarchical management; scientifically control highway maintenance costs, strictly follow budget and project approval processes; comprehensively reduce financial expenses and optimize financing structures; At the same time, we will centrally integrate inefficient assets, efficiently utilize idle land and real estate, and promote cost savings by revitalizing idle assets.

5. Strictly control risks, strengthen defense lines, and solidify operational guarantee systems

We strengthen safety management, clarify safety responsibilities at all levels, optimize the direct reporting mechanism for information, ensure the rapid transmission of safety information and timely response, and effectively handle all types of safety hazards. We comprehensively review and investigate safety hazards, strengthen monitoring and inspections of key areas and critical processes, and ensure that safety measures are effectively implemented. We strictly adhere to the bottom line of risk control, establish a comprehensive risk assessment and control system, comprehensively identify, scientifically evaluate, effectively control, and continuously monitor potential risks.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any listed securities of the Company during the Reporting Period (including sales of treasury shares (as defined in the Listing Rules of the Stock Exchange)).

As of the end of the Reporting Period, the Company did not hold any treasury shares.

EMPLOYEES, REMUNERATION AND TRAINING

As at 30 June 2024, details of the Group's employees were as follows:

Number of in-service employees of the Company (including its branches)	2,193
Number of in-service employees of major subsidiaries	<u>2,412</u>
Total number of in-service employees	<u><u>4,605</u></u>
Number of retired employees for which the Company (including its branches) and its major subsidiaries are liable to bear costs	<u><u>–</u></u>

Composition of expertise

Type of expertise	Number of employees
Production	3,221
Sales	–
Technical	686
Financial	133
Administrative	565
Total	<u>4,605</u>

Education level

Type of education level	Number of employees
Postgraduate	249
University graduate	1,811
Junior college graduate	1,766
Technical secondary school and below	779
Total	<u>4,605</u>

1 Employees' remuneration

The total remuneration of the Company's employees is linked to the operating results of the Company. Employees' salaries comprise basic salaries, which are determined based on their individual position and length of service, and performance-based bonus. During the Reporting Period, employees' salaries incurred by the Group amounted to approximately RMB354,616,000, of which approximately RMB174,077,000 was for the employees of the Company (including its branches).

2 Employees' insurance and welfare

The Company cherishes employees and protects their lawful interests. The Company has improved various types of social insurance for employees in strict compliance with all applicable PRC labor security policies. The Company has paid the full amount of social insurance premiums for its employees, such as pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, supplemental insurance for mutual medical assistance for major illnesses and accidental injury insurance. Meanwhile, the Company has made contributions to the housing provident fund and enterprise annuity fund for the employees in compliance with the requirements under applicable laws and policies.

3 Staff training

The Company places high importance on staff training and provides trainings of various aspects and types to improve the comprehensive quality and business standard of its staff. During the Reporting Period, the Company has organized various centralized and specific trainings such as job-specific skills for technicians and continuing education for professional technical staff. A total of 20,388 attendances of the Group's employees was recorded for the above training courses, while a total of 13,838 attendances of employees of the Company (including its branches) was recorded for the same mentioned above.

CORPORATE GOVERNANCE

1. Corporate Governance

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

2. Corporate Governance Code

As a listed company with both A Shares and H Shares, in addition to complying with the applicable laws and regulations, the Company is also required to comply with the requirements of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules of the Stock Exchange and the Code of Corporate Governance for Listed Companies of the CSRC regarding the practice of corporate governance. During the Reporting Period and as at the date of this announcement, the Company has been in compliance with the Code of Corporate Governance for Listed Companies in all major respects in terms of corporate governance, and has adopted and fully complied with the requirements of the Corporate Governance Code.

3. Audit Committee

As at the date of this announcement, the Audit Committee of the Company comprises three independent non-executive Directors including Madam Bu Danlu, Mr. Yan Qixiang and Mr. Zhang Qinghua, all of whom are all professionals experienced in finance and transportation fields. The Audit Committee has reviewed and confirmed the unaudited interim condensed financial information and interim results report of the Group for the six months ended 30 June 2024.

4. Model Code for Securities Transactions by Directors and Supervisors

During the Reporting Period, the Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms not less exacting than the required standards set out in the Model Code contained in Appendix C3 to the Listing Rules of the Stock Exchange. Having made specific enquiries of all Directors and Supervisors of the Company, it was confirmed that all Directors and Supervisors have complied with the Model Code in relation to securities transactions by the Directors and Supervisors and the Company's own code of conduct and there had not been any non-compliance with the relevant requirements of the Model Code.

EVENTS AFTER THE REPORTING PERIOD

Change of Director and Supervisor

Reference is made to the announcement of the Company dated 18 July 2024, in relation to, among other things, the proposed appointment of independent non-executive Director, and Mr. Jiang Tao has been nominated as a candidate for independent non-executive Director of the eighth session of the Board of the Company, which shall be subject to the consideration and approval at the general meeting of the Company. For details, please refer to the circular of the Company dated 14 August 2024.

On 23 July 2024, Mr. Ling Xiyun resigned as the Supervisor of the eighth session of the Supervisory Committee, and his resignation letter has been delivered to the Supervisory Committee and became effective on the same date.

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

POSSIBLE TRANSACTION

I. Possible notifiable and connected transaction – the proposed acquisition and the agreement of intent; and II. possible application for whitewash waiver.

References are made to the announcements of the Company dated 1 August 2024, 5 August 2024 and 15 August 2024, respectively, in relation to, among other things, (i) the trading suspension in the A Shares and the trading halt in the H Shares; (ii) the Company and Shudao (Sichuan) Innovation Investment Development Co., Ltd. entered into the non-legally binding agreement of intent in relation to, among other things, the proposed acquisition; and (iii) the trading halt in the H shares and resumption of trading in the A shares. Shareholders and potential investors of the Company should be aware that the terms of the proposed acquisition are subject to further negotiations between the parties. Further announcement(s) in relation to the proposed acquisition will be made by the Company as and when appropriate or required in accordance with the Listing Rules and the Hong Kong Code on Takeovers and Mergers.

PUBLICATION OF THE INTERIM REPORT

The Company's interim report for the six months ended 30 June 2024 containing all information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company in a timely manner in accordance with the requirements of the Listing Rules as well as the Articles of Association, and will be despatched to shareholders in hard copy upon request.

DEFINITIONS

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

Names of Expressway Projects

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

Branches, Subsidiaries and Principal Invested Companies

Chengdu Airport Expressway	Chengdu Airport Expressway Company Limited
Chengle Company	Sichuan Chengle Expressway Company Limited
Rongcheng Second Ring Company	Sichuan Rongcheng Second Ring Expressway Development Co., Ltd.* (四川蓉城第二繞城高速公路開發有限責任公司)

Others

A Share(s)	ordinary share(s) denominated in RMB of the Company with a nominal value of RMB1.00 each, which are issued in the PRC, subscribed for in RMB and listed on the SSE
Articles of Association	the articles of association of the Company, as amended from time to time
Audit Committee	the audit committee of the Board
Board	the board of Directors of the Company
BOT Project	build – operate – transfer project
Chengle Expressway Expansion Construction Project	Capacity expansion construction project for the Chengdu – Leshan Expressway
Company	Sichuan Expressway Company Limited* (四川成渝高速公路股份有限公司), a joint stock company incorporated in the PRC with limited liability and the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 00107) and the A Shares of which are listed on the SSE (stock code: 601107)
CSRC	China Securities Regulatory Commission
Director(s)	director(s) of the Company
Group	the Company and its subsidiaries
H Share(s)	overseas listed share(s) of the Company with a nominal value of RMB1.00 each, which are issued in Hong Kong, subscribed for in HKD and listed on the Main Board of the Stock Exchange
HKD or HK\$	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC

Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange and/or the Rules Governing the Listing of Securities on the SSE (as the case may be)
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 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 Directors and Supervisors of the Company
Nomination Committee	the nomination committee under the Board
Period or Reporting Period	the six months ended 30 June 2024
PPP Project	Public-Private Partnership project
PRC or Mainland China	the People's Republic of China, for the purpose of this results announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
Remuneration and Appraisal Committee	the remuneration and appraisal committee under the Board
Renshou Rural Commercial Bank	Sichuan Renshou Rural Commercial Bank Co., Ltd.* (四川仁壽農村商業銀行股份有限公司)
RMB	Renminbi, the lawful currency of the PRC
Share(s)	A Share(s) and/or H Share(s) (as the case may be)
Shareholder(s)	holder(s) of Shares
Shudao Investment	Shudao Investment Group Co., Ltd., the controlling shareholder of the Company
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Strategic Committee	the strategic committee under the Board

Supervisor(s)	supervisor(s) of the Company
Supervisory Committee	the supervisory committee of the Company
Tianqiong Expressway BOT Project	the project of Chengdu Tianfu New District to Qionglai Expressway BOT (build-operate-transfer)
Zhongxin Company	Sichuan Zhongxin Assets Management Company Limited* (四川眾信資產管理有限公司)
%	per cent

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

Chengdu, Sichuan Province, the PRC
29 August 2024

As at the date of this announcement, the Board comprises Mr. Luo Zuyi (Chairman), 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*