

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



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

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

(Stock Code: 00107)

2019 ANNUAL RESULTS ANNOUNCEMENT

HIGHLIGHTS

- Net revenue increased by approximately 14.45% to approximately RMB7,806,743,000
- Profit attributable to owners of the Company increased by approximately 27.83% to approximately RMB1,086,131,000
- Earnings per share increased by approximately 27.70% to approximately RMB0.355
- Proposed payment of 2019 final cash dividend of RMB0.11 (tax inclusive) (2018: RMB0.10 (tax inclusive)) per share

The Board announces the audited consolidated results of the Group for the year ended 31 December 2019, prepared in conformity with the accounting principles generally accepted in Hong Kong as stated in details in note 2.1 to the consolidated financial statements, together with comparative figures for last year as follows (the data herein are presented in RMB except where otherwise indicated).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2019

		2019	2018
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	3,4	7,806,743	6,820,997
Cost of sales		<u>(5,501,537)</u>	<u>(4,748,521)</u>
Gross profit		2,305,206	2,072,476
Other income and gains	4	269,107	239,154
Administrative expenses		(336,776)	(297,148)
Other expenses		(78,959)	(85,675)
Finance costs	5	(723,554)	(777,174)
Share of profits and losses of:			
Joint ventures		(280)	23,630
Associates		<u>28,795</u>	<u>30,649</u>
PROFIT BEFORE TAX	6	1,463,539	1,205,912
Income tax expense	7	<u>(330,250)</u>	<u>(304,086)</u>
PROFIT FOR THE YEAR		<u>1,133,289</u>	<u>901,826</u>
Attributable to:			
Owners of the Company		1,086,131	849,638
Non-controlling interests		<u>47,158</u>	<u>52,188</u>
		<u>1,133,289</u>	<u>901,826</u>

	<i>Notes</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive loss that will not to be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		8,850	(15,109)
Income tax effect		(2,298)	2,474
		6,552	(12,635)
OTHER COMPREHENSIVE INCOME/(LOSS)			
FOR THE YEAR, NET OF TAX			
		6,552	(12,635)
TOTAL COMPREHENSIVE INCOME			
FOR THE YEAR			
		1,139,841	889,191
Attributable to:			
Owners of the Company		1,092,098	837,030
Non-controlling interests		47,743	52,161
		1,139,841	889,191
EARNINGS PER SHARE ATTRIBUTABLE TO			
ORDINARY EQUITY HOLDERS OF THE			
COMPANY			
– Basic and diluted	8	RMB0.355	RMB0.278

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

		2019	2018
	Notes	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		760,079	561,835
Service concession arrangements	9	25,423,037	24,810,236
Right-of-use assets		458,490	–
Prepaid land lease payments		–	297,979
Investments in joint ventures		135,374	765,156
Investments in associates		318,427	234,845
Equity investments designated at fair value through other comprehensive income		372,789	324,137
Loans to customers		1,180,772	702,642
Long term compensation receivables		24,010	32,488
Payments in advance		49,360	2,000
Contract assets		10,000	329,270
Contract costs		17,480	14,912
Deferred tax assets		157	1,726
Interests in land held for property development		156,303	165,148
Restricted deposits		29,102	–
Pledged deposits		15,000	15,000
Total non-current assets		28,950,380	28,257,374
CURRENT ASSETS			
Properties under development		2,019,493	1,620,428
Completed properties held for sale		154,350	176,002
Inventories		63,841	25,763
Loans to customers		935,463	627,152
Trade and other receivables	10	2,681,172	1,546,562
Contract assets		21,000	123,099
Contract costs		9,238	–
Financial assets at fair value through profit or loss		73,933	–
Pledged deposits		–	1,258
Cash and cash equivalents		2,951,704	3,657,420
Total current assets		8,910,194	7,777,684

	<i>Notes</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
CURRENT LIABILITIES			
Tax payable		70,823	65,919
Trade and other payables	11	3,229,995	2,992,460
Contract liabilities		542,203	29,398
Dividend payables		10,485	14,884
Interest-bearing bank and other borrowings	12	3,541,803	2,174,520
Total current liabilities		7,395,309	5,277,181
NET CURRENT ASSETS		1,514,885	2,500,503
TOTAL ASSETS LESS CURRENT LIABILITIES		30,465,265	30,757,877
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	12	13,310,136	15,382,673
Deferred tax liabilities		9,088	6,175
Contract liabilities		895,936	374,467
Deferred income	11	96,137	110,163
Total non-current liabilities		14,311,297	15,873,478
Net assets		16,153,968	14,884,399
EQUITY			
Equity attributable to owners of the Company			
Issued capital	13	3,058,060	3,058,060
Reserves	14	12,219,838	11,433,546
		15,277,898	14,491,606
Non-controlling interests		876,070	392,793
Total equity		16,153,968	14,884,399

NOTES TO FINANCIAL STATEMENTS

31 December 2019

1. CORPORATE AND GROUP INFORMATION

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

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

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

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

2.1 BASIS OF PREPARATION

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements to HKFRSs 2015–2017 Cycle</i>	Amendments to HKFRS 3, HKFRS11, HKAS 12 and HKAS 23

Other than the amendments to HKFRS9 and HKAS19, and Annual Improvements to HKFRS 2015–2017 Cycle, which are not relevant to the preparation of the Group's financial statements. The nature and the impact of the new and revised HKFRSs are described below:

- (a) HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognize and measure right-of-use assets and lease liabilities, except for certain recognition exemption. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(a) (continued)

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of property, machinery, motor vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for the elective exemption for leases with a lease term of 12 months or less (“**short-term leases**”) (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in Interest-bearing bank and other borrowings. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(a) (continued)

Impacts on transition (continued)

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

Financial impact at 1 January 2019

The impact arising from the adoption of HKFRS 16 at 1 January 2019 was as follows:

	Increase/ (decrease) RMB '000
Assets	
Increase in right-of-use assets	489,321
Decrease in prepaid land lease payments	(330,373)
Decrease in trade and other receivables	<u>(2,153)</u>
Increase in total assets	<u><u>156,795</u></u>
Liabilities	
Increase in Interest-bearing bank and other borrowings	<u>156,795</u>
Increase in total liabilities	<u><u>156,795</u></u>
Impact on retained profits	<u><u>–</u></u>

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(a) (continued)

Financial impact at 1 January 2019 (continued)

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	<i>RMB'000</i>
Operating lease commitments as at 31 December 2018	224,622
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	(8,575)
	<hr/> 216,047
Weighted average incremental borrowing rates as at 1 January 2019	4.75%–4.90%
Discounted operating lease commitments as at 1 January 2019	<hr/> 156,795
Lease liabilities as at 1 January 2019	<u><u>156,795</u></u>

- (b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continued to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

- (c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as “uncertain tax positions”). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Since the Group’s internal sales were not material, the interpretation did not have any impact on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

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

- (a) the toll roads and bridges segment comprises the operation of expressways and a high-grade toll bridge in Mainland China;
- (b) the city operation segment comprises the provision of construction and upgrade services under the service concession arrangements and construction contracts, advertising, the rental of properties along expressways, investment and development of properties located in Mainland China and trade sales of commodities;
- (c) the financial investment segment comprises finance lease operation, factoring business and financial investment;
- (d) the energy investment segment comprises the operation of gas stations along expressways, sale of petrochemicals and other oil products; and
- (e) the transportation, tourism, culture and education segment mainly comprises education operations.

3. OPERATING SEGMENT INFORMATION (CONTINUED)

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

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

Segment liabilities exclude dividend payables as these liabilities are managed on a group basis.

During the year ended 31 December 2019, the Group established and acquired certain subsidiaries. Other than the new businesses (transportation, tourism, culture and education) established which are identified as new reportable segments, management has revised other reportable segments and revised the Group's internal reporting, in which the finance related businesses in old segment "Construction contracts" and "Others" were combined into the new segment "Financial investment", the remaining businesses in these two old segments and the businesses in old segment "Property development" were merged into the new segment "City operation", and old segment "Toll operation" and "Sales of products" were renamed to the new segment "Toll roads and bridges" and "Energy investment", respectively. As a result of the changes to reportable segments and segment presentation, the prior year segment information for the year ended 31 December 2018 has been re-presented to conform with the revised presentation.

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2019

	Toll roads and bridges <i>RMB'000</i>	City operation <i>RMB'000</i>	Financial investment <i>RMB'000</i>	Energy investment <i>RMB'000</i>	Transportation, tourism, culture and education <i>RMB'000</i>	Total <i>RMB'000</i>
SEGMENT REVENUE <i>(note 4)</i>	3,899,438	1,987,349	147,321	1,772,635	–	7,806,743
SEGMENT RESULTS	1,308,814	151,144	44,577	150,474	(6)	1,655,003
Reconciliation:						
Unallocated income and gains						145,655
Corporate and other unallocated expenses						(337,119)
Profit before tax						<u>1,463,539</u>
SEGMENT ASSETS	26,755,466	4,850,451	2,562,356	242,362	7,254	34,417,889
Reconciliation:						
Equity investments designated at fair value through other comprehensive income						372,789
Financial assets at fair value through profit or loss						73,933
Deferred tax assets						157
Pledged deposits						15,000
Restricted deposits						29,102
Cash and cash equivalents						<u>2,951,704</u>
Total assets						<u>37,860,574</u>

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2019 (continued)

	Toll roads and bridges <i>RMB'000</i>	City operation <i>RMB'000</i>	Financial investment <i>RMB'000</i>	Energy investment <i>RMB'000</i>	Transportation, tourism, culture and education <i>RMB'000</i>	Total <i>RMB'000</i>
SEGMENT LIABILITIES	16,892,562	3,380,983	1,372,064	48,344	2,168	21,696,121
Reconciliation:						
Dividend payables						10,485
Total liabilities						21,706,606
OTHER SEGMENT INFORMATION						
Share of profits and losses of associates	17,324	30	11,441	-	-	28,795
Share of profits and losses of joint ventures	(217)	-	(63)	-	-	(280)
Interest expenses	631,652	53,937	37,240	719	6	723,554
Depreciation and amortisation	841,701	9,183	3,615	16,175	85	870,759
Investments in associates	76,088	71,080	171,259	-	-	318,427
Investments in joint ventures	132,794	-	2,580	-	-	135,374
Capital expenditure*	1,646,795	14,646	692	1,805	162	1,664,100

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

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2018 (restated)

	Toll roads and bridges <i>RMB'000</i>	City operation <i>RMB'000</i>	Financial investment <i>RMB'000</i>	Energy investment <i>RMB'000</i>	Total <i>RMB'000</i>
SEGMENT REVENUE	3,567,976	1,258,133	87,505	1,907,383	6,820,997
SEGMENT RESULTS	1,093,107	72,808	48,767	118,325	1,333,007
Reconciliation:					
Unallocated income and gains					115,479
Corporate and other unallocated expenses					(242,574)
Profit before tax					<u>1,205,912</u>
SEGMENT ASSETS	26,477,944	3,880,153	1,504,854	172,566	32,035,517
Reconciliation:					
Equity investments designated at fair value through other comprehensive income					324,137
Deferred tax assets					1,726
Pledged deposits					16,258
Cash and cash equivalents					<u>3,657,420</u>
Total assets					<u>36,035,058</u>

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2018 (restated) (continued)

	Toll roads and bridges <i>RMB'000</i>	City operation <i>RMB'000</i>	Financial investment <i>RMB'000</i>	Energy investment <i>RMB'000</i>	Total <i>RMB'000</i>
SEGMENT LIABILITIES	18,066,939	2,163,898	808,144	24,700	21,063,681
Reconciliation:					
Tax payable					65,919
Dividend payables					14,884
Deferred tax liabilities					6,175
Total liabilities					<u>21,150,659</u>
OTHER SEGMENT INFORMATION					
Share of profits and losses of associates	17,036	–	13,613	–	30,649
Share of profits and losses of joint ventures	23,453	–	177	–	23,630
Interest expenses	700,804	53,074	23,296	–	777,174
Depreciation and amortisation	840,018	1,497	4,897	14,013	860,425
Investments in associates	76,295	–	158,550	–	234,845
Investments in joint ventures	763,104	–	2,052	–	765,156
Capital expenditure*	<u>784,288</u>	<u>1,577</u>	<u>6,392</u>	<u>7,662</u>	<u>799,919</u>

Entity-wide disclosures

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.

Information about major customers

During the year ended 31 December 2019, no revenue derived from a single customer accounted for 10% or more of the Group's total revenue.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Revenue from contracts with customers	7,626,806	6,705,858
Revenue from other sources		
Finance leasing	143,341	87,505
Commercial factoring	3,980	–
Gross rental income from operating leases – other lease payments, including fixed payments	<u>32,616</u>	<u>27,634</u>
	<u>179,937</u>	<u>115,139</u>
	<u><u>7,806,743</u></u>	<u><u>6,820,997</u></u>

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2019

Segments

	Toll roads and bridges <i>RMB'000</i>	City operation <i>RMB'000</i>	Financial investment <i>RMB'000</i>	Energy investment <i>RMB'000</i>	Transportation, tourism, culture and education <i>RMB'000</i>	Total <i>RMB '000</i>
Type of goods or services						
Toll income	3,899,438	-	-	-	-	3,899,438
Construction services	-	1,650,189	-	-	-	1,650,189
Sale of industrial products	-	205,207	-	1,772,635	-	1,977,842
Property development	-	31,780	-	-	-	31,780
Others	-	67,557	-	-	-	67,557
Total revenue from contracts with customers	<u>3,899,438</u>	<u>1,954,733</u>	<u>-</u>	<u>1,772,635</u>	<u>-</u>	<u>7,626,806</u>

Geographical markets

Revenue under HKFRS 15 are all generated in Mainland China

Timing of revenue recognition

Goods transferred at a point in time	3,899,438	304,544	-	1,772,635	-	5,976,617
Services transferred over time	-	1,650,189	-	-	-	1,650,189
Total revenue from contracts with customers	<u>3,899,438</u>	<u>1,954,733</u>	<u>-</u>	<u>1,772,635</u>	<u>-</u>	<u>7,626,806</u>

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (continued)

(a) Disaggregated revenue information (continued)

For the year ended 31 December 2018

Segments

	Toll roads and bridges <i>RMB'000</i>	City operation <i>RMB'000</i>	Financial investment <i>RMB'000</i>	Energy investment <i>RMB'000</i>	Total <i>RMB'000</i>
Type of goods or services					
Toll income	3,567,976	–	–	–	3,567,976
Construction services	–	1,064,118	–	–	1,064,118
Sale of industrial products	–	–	–	1,907,383	1,907,383
Property development	–	105,743	–	–	105,743
Others	–	60,638	–	–	60,638
Total revenue from contracts with customers	<u>3,567,976</u>	<u>1,230,499</u>	<u>–</u>	<u>1,907,383</u>	<u>6,705,858</u>

Geographical markets

Revenues under HKFRS 15 were all generated in Mainland China.

Timing of revenue recognition

Goods transferred at a point in time	3,567,976	166,381	–	1,907,383	5,641,740
Services transferred over time	–	1,064,118	–	–	1,064,118
Total revenue from contracts with customers	<u>3,567,976</u>	<u>1,230,499</u>	<u>–</u>	<u>1,907,383</u>	<u>6,705,858</u>

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (continued)

(a) *Disaggregated revenue information (continued)*

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

	2019 RMB'000	2018 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
– Property development	<u>31,780</u>	<u>105,743</u>

(b) *Performance obligations*

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

Toll income

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

Sale of industrial products

The performance obligation is satisfied upon delivery of the industrial products and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

Construction services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days to 3 years from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (continued)

(b) Performance obligations (continued)

Property development

The performance obligation is satisfied at the point in time when the purchaser obtains control of the assets. Prepayments are usually received in advance of the performance under the contracts which are mainly from property development and sales.

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

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	2,661,227	343,081
After one year	<u>2,060,252</u>	<u>374,467</u>
	<u><u>4,721,479</u></u>	<u><u>717,548</u></u>

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

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Other income and gains		
Interest income from bank deposits	62,709	25,975
Interest income from discounting long-term compensation receivables	5,244	6,101
Interest income arising from revenue contracts	118,208	117,575
Rental income from operating leases of other lease payments, including fixed payments	5,932	6,043
Government grants*	14,075	17,540
Dividend income from equity investments designated at fair value through other comprehensive income	6,621	6,025
Road damage compensation income	43,042	40,461
Reversal of bad debt provision	–	11,131
Fair value gains on financial assets on at fair value through profit or loss	3,983	–
Miscellaneous	9,293	8,303
	<hr/>	<hr/>
Total other income and gains	269,107	239,154
	<hr/>	<hr/>

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

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Interest on bank and other borrowings	720,911	720,751
Interest on medium term notes	98,798	105,779
Interest on lease liabilities	7,705	–
Interest on finance lease	830	–
	<hr/> 828,244	<hr/> 826,530
Less:		
Interest capitalised in respect of:		
– Service concession arrangements (note 9(c))	(24,565)	(21,677)
– Properties under development	(12,389)	(3,739)
Interest recorded under cost of sales	(67,736)	(23,940)
	<hr/> 723,554 <hr/>	<hr/> 777,174 <hr/>
Interest rate of borrowing costs capitalised	<u>4.41%–7.8%</u>	<u>4.75%</u>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2019 RMB'000	2018 <i>RMB'000</i>
Employee benefit expenses (including directors', chief executive's and supervisors' remuneration):		
Wages and salaries	532,816	472,732
Pension scheme contributions – Defined contribution fund	71,485	67,806
Housing fund – Defined contribution fund	47,029	41,373
Supplementary pension scheme – Defined contribution fund	18,461	16,328
Other staff benefits	118,759	101,827
	<hr/> 788,550	<hr/> 700,066
Employee benefit expense*		
	<hr/> 788,550	<hr/> 700,066
Depreciation of property, plant and equipment	69,700	70,276
Amortisation of service concession arrangements	744,283	757,273
Depreciation of right-of-use assets (2018: Amortisation of prepaid land lease payments)	56,776	32,543
Amortisation of other intangible assets	–	333
	<hr/> 870,759	<hr/> 860,425
Depreciation and amortisation expenses		
	<hr/> 870,759	<hr/> 860,425
Construction costs in respect of:		
– Service concession arrangements*	1,348,375	688,171
– Construction works performed for other parties*	237,825	333,794
	<hr/> 1,586,200	<hr/> 1,021,965
Construction costs		
	<hr/> 1,586,200	<hr/> 1,021,965

6. PROFIT BEFORE TAX (CONTINUED)

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Cost of sales of refined oil and petrochemical products	1,555,010	1,728,815
Cost of properties sold	20,125	88,843
Cost of finance lease operation	67,736	23,940
Repairs and maintenance	506,909	374,647
Minimum lease payments under operating leases	–	19,768
Lease payments not included in the measurement of lease liabilities	4,716	–
Impairment of completed properties held for sale	1,527	70,154
Auditor's remuneration	3,120	2,990
Loss on disposal of items of property, plant and equipment and service concession arrangements	32,967	3,961
Impairment loss on financial assets included in other receivables	<u>13,260</u>	<u>(11,131)</u>

* During the year, employee costs of RMB37,464,000 (2018: RMB24,034,000) and depreciation and amortisation charges of RMB2,324,000 (2018: RMB293,000) were included in construction costs.

7. INCOME TAX

No Hong Kong profits tax has been provided as no assessable profits were earned in or derived from Hong Kong during the two years ended 31 December 2019 and 2018.

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

Pursuant to the Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies of the State Administration of Taxation, the Ministry of Finance and General Administration of Customs (Cai Shui [2011] No. 58), the tax preferential treatments for the Western Region Development are valid until 2020. According to the Circular, “from 1 January 2011 to 31 December 2020, 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. The above-mentioned industries shall refer to enterprises whose principal businesses are the industrial projects prescribed in the Catalogue of Encouraged Industries in the Western Region (the “**Catalogue**”), the income of which accounts for more than 70% of the total income of such enterprises. The Catalogue shall be issued separately. The Catalogue was approved by the State Council, and has been implemented since 1 October 2014.”

For entities within the scope of the transportation industry, i.e., the Company, Chengle Company, Chengbei Company and Chengdu Airport Expressway Company Limited (“Chengdu Airport Expressway”), an associate of the Company, which have been approved to enjoy the preferential tax rate of 15% before 2012 and have not changed their business operations, income tax of these entities for the year ended 31 December 2019 continued to be calculated at a tax rate of 15%.

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

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Current – Mainland China		
Charge for the year	330,194	307,899
Underprovision/(overprovision) in prior years	(2,128)	147
Deferred	2,184	(3,960)
Total tax charge for the year	<u>330,250</u>	<u>304,086</u>

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

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company, and the number of ordinary shares of 3,058,060,000 (2018: 3,058,060,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2019 and 2018 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2019 and 2018.

9. SERVICE CONCESSION ARRANGEMENTS

- (a) At 31 December 2019, the concession rights pertaining to certain expressways with net carrying amounts listed below were pledged to secure bank loans granted to the Group (note 12(a)):

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Chengle Expressway	3,689,688	–
Chengren Expressway	6,639,158	6,816,504
Suiguang-Suixi Expressways	11,817,261	11,967,716
	<u>22,146,107</u>	<u>18,784,220</u>

- (b) During the year, the Group was in the construction of the expansion project of Chengle Expressway. Total cost of RMB1,372,940,000 (2018: RMB709,848,000) including construction costs of RMB1,348,375,000 and borrowing costs of RMB24,565,000 were incurred, among which RMB1,348,375,000 (2018: RMB688,171,000) was sub-contracted to third party subcontractors.

In addition, construction revenue of RMB1,348,375,000 (2018: RMB688,171,000) was mainly recognised in respect of the construction service provided by the Group for the expansion project of Chengle Expressway using the input method during the year. Construction revenue was included in the additions to service concession arrangements which should be amortised upon the completion of the expansion projects and commencement of operation.

- (c) Additions to service concession arrangements during the year included interest capitalised in respect of bank loans amounting to RMB24,565,000 (2018: RMB21,677,000) (note 5).

10. TRADE AND OTHER RECEIVABLES

		2019	2018
	Notes	RMB'000	RMB'000
Trade receivables			
Trade receivables		2,188,404	1,285,645
Impairment		—	—
Trade receivables, net	(a)	2,188,404	1,285,645
Bill receivables		25,823	—
		<u>2,214,227</u>	<u>1,285,645</u>
Other receivables			
Deposit and other receivables	(b)	488,847	297,185
Impairment		(108,851)	(95,591)
		<u>379,996</u>	<u>201,594</u>
Prepayments		86,949	59,323
Other receivables, net		<u>466,945</u>	<u>260,917</u>
Total trade and other receivables		<u>2,681,172</u>	<u>1,546,562</u>

Notes:

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

The Group's trading terms of trade receivables arising from commercial factoring are with a term of one year since the effective date of the relevant factoring contracts and generally on 60-day credit terms, while the credit terms for major customers can be extended to 180 days.

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

According to the contracts governing the relevant construction works, trade receivables of RMB1,054,108,000 as at 31 December 2019 (2018: RMB1,175,833,000) are to be settled by instalments within two to three years upon completion of the relevant construction works and bore interest at rates ranging from 4.75% to 14.98% (2018: 4.75% to 14.98%) per annum. The remaining trade receivables are non-interest-bearing.

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(a) (continued)

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:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Within 3 months	1,065,895	76,956
3 to 6 months	37,455	15,711
6 to 12 months	125,115	146,202
Over 1 year	959,939	1,046,776
	<u>2,188,404</u>	<u>1,285,645</u>

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

As at 31 December 2019, the Group's major receivables and loan to customers are from government agencies, state-owned enterprises and a number of diversified customers, in view of the history of business dealings with the debtors and the sound collection history of the receivables and loan to customers due from them, the Group believes that there is no significant credit risk with these receivables and loan to customers. Management keeps reviewing and assessing the creditworthiness of the Group's existing customers on an ongoing basis based on historical payment records, the length of the overdue period, background and reputation of the debtors, the financial strength of the debtors and whether there are any disputes with the debtors. No ECL were provided as the directors consider that the expected credit risks of these receivables and loan to customers are minimal.

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(b) The Group's deposits and other receivables at 31 December 2019 are analysed as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Interest receivables on temporary advances and construction revenue	18,714	3,269
Long-term compensation receivables to be received within one year	8,478	7,442
Toll income receivables	30,845	31,841
Deductible input value-added tax	138,977	59,281
Deposits	13,217	59,838
Miscellaneous	278,616	135,514
	<u>488,847</u>	<u>297,185</u>
Impairment allowance	(108,851)	(95,591)
	<u><u>379,996</u></u>	<u><u>201,594</u></u>

As stipulated in the contracts entered into between the Group and the respective government agencies, other than the provision of construction works under the "Build-Transfer" mode, the Group is required to provide temporary advances to the government agencies for the resettlement of residents and removal of obstacles performed by the relevant government agencies. These advances bear interest at a rate of 14.98% per annum (2018: 14.98%).

11. TRADE AND OTHER PAYABLES

		2019	2018
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current portion:			
Trade payables	(a)	256,165	215,382
Other payables	(b)	2,881,340	2,706,696
Accruals		59,142	57,034
Deferred income		33,348	13,348
		<u>3,229,995</u>	<u>2,992,460</u>
Non-current portion:			
Deferred income		<u>96,137</u>	<u>110,163</u>
		<u>3,326,132</u>	<u>3,102,623</u>

Notes:

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

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	158,833	164,992
3 to 6 months	1,265	5,212
6 to 12 months	–	12,423
Over 1 year	96,067	32,755
	<u>256,165</u>	<u>215,382</u>

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

11. TRADE AND OTHER PAYABLES (CONTINUED)

Notes: (continued)

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

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Advances	30,666	30,708
Inter-network toll collection	54,324	153,146
Payroll and welfare payables	233,844	182,197
Taxes and surcharge payables	28,753	39,111
Progress billing payables	1,749,522	1,553,146
Retention payables	371,757	378,862
Deposits	180,547	168,818
Others	231,927	200,708
	<u>2,881,340</u>	<u>2,706,696</u>

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

		31 December 2019 <i>RMB'000</i>	1 January 2019 <i>RMB'000</i>	31 December 2018 <i>RMB'000</i>
	<i>Notes</i>			
Bank loans:				
Secured	(a)	11,955,993	11,378,693	11,378,693
Unsecured		2,060,000	3,540,000	3,540,000
Medium term notes	(b)	2,490,000	2,500,000	2,500,000
Other borrowings,				
Unsecured	(c)	112,240	138,500	138,500
Finance lease payable		64,235	–	–
Lease liabilities		169,471	156,795	–
		<u>16,851,939</u>	<u>17,713,988</u>	<u>17,557,193</u>

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

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

(a) Bank loans were secured by:

	<i>Note</i>	2019 RMB'000 <i>(Bank loan amount)</i>	2018 RMB'000
Secured by concession rights of:	9(a)		
Chengle Expressway		800,000	–
Chengren Expressway		2,381,264	2,948,398
Suiguang-Suixi Expressways		7,910,000	8,110,000
		11,091,264	11,058,398
Secured by loans to customers		659,729	220,295
Secured by land use rights		205,000	100,000
		11,955,993	11,378,693

The bank loans bear interest at the rates of 3.65% to 6.4% (2018: 4.13% to 6.18%) per annum.

- (b) At 31 December 2019, the Company had three (2018: three) tranches of outstanding medium term notes totalling RMB2,490,000,000 (2018: RMB2,500,000,000) issued to domestic institutional investors participating in the PRC interbank debt market. The effective interest rates for the medium term notes range from 3.56% to 6.30% (2018: 3.56% to 6.30%) per annum. The medium term notes were all issued at a par value of RMB100 per unit, and will be repaid between December 2020 and July 2024, with an original maturity period of five years.
- (c) Other borrowings as at 31 December 2019 represent the unsecured shareholder's loan of RMB112,240,000 (2018: RMB138,500,000) granted to the Group by a non-controlling shareholder, bearing interest at an annual interest rate of 7.80% (2018: 4.28%).

13. ISSUED CAPITAL

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Issued and fully paid:		
A Shares of 2,162,740,000 (2018: 2,162,740,000) of RMB1.00 each	2,162,740	2,162,740
H Shares of 895,320,000 (2018: 895,320,000) of RMB1.00 each	<u>895,320</u>	<u>895,320</u>
	<u>3,058,060</u>	<u>3,058,060</u>

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

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

14. RESERVES

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

15. DIVIDENDS

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Proposed final – RMB0.110 (2018: RMB0.100) per ordinary share	<u>336,387</u>	<u>305,806</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

RESULTS AND DIVIDENDS

For the year of 2019, the net revenue of the Group amounted to approximately RMB7,806,743,000, representing an increase of approximately 14.45% as compared with last year; the profit attributable to owners of the Company amounted to approximately RMB1,086,131,000, representing an increase of approximately 27.83% as compared with last year; and basic earnings per Share were approximately RMB0.355 (2018: approximately RMB0.278).

As at 31 December 2019, the Group's total assets and net assets were approximately RMB37,860,574,000 and RMB16,153,968,000, respectively.

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

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

The Board has recommended a final cash dividend for the year 2019 of RMB0.11 per ordinary share (tax inclusive), aggregating to approximately RMB336,387,000, representing 48.81% of the profit available for distribution to the Shareholders recognized by the Company for the Year in accordance with the PRC Accounting Standards, and representing 31.07% of the profit attributable to the owners of the Company (calculated in accordance with the PRC Accounting Standards) in the consolidated financial statements. The proposed dividend is subject to approval at the forthcoming 2019 Annual General Meeting of the Company. If approved, the final dividend is expected to be paid on or around Tuesday, 14 July 2020 to the Shareholders whose names appear on the H Shares register of members of the Company on Thursday, 18 June 2020 (the “**Dividend Entitlement Date**”). In respect of the arrangement in relation to the closures of H Shares register of members for the purposes of determining the Shareholders' entitlement to attend the 2019 AGM and to receive the 2019 final dividend, please refer to the paragraph headed “**CLOSURES OF REGISTER OF MEMBERS OF H SHARES**” below.

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

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

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

DISTRIBUTION OF DIVIDENDS TO INVESTORS UNDER SOUTHBOUND TRADING LINK

According to relevant requirements in the Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(Cai Shui [2014] No. 81), individual income tax (tax rate of 20%) shall be deducted by H Share companies from dividends received from investments in H Shares listed in the Stock Exchange through Shanghai-Hong Kong Stock Connect by individuals and securities investment funds from Mainland China (excluding enterprise investors from Mainland China, which shall be declared by themselves).

An agreement has been entered into between the Company and the Shanghai Branch of China Securities Depository and Clearing Corporation Limited regarding the aforementioned dividend distribution arrangements to the investors under Southbound Trading Link, pursuant to which, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, as the nominal holder of H Shares under Southbound Trading Link, will receive cash dividend declared by the Company and

distribute them to relevant the investors under Southbound Trading Link through its registration and settlement system. Cash dividend received by the investors under Southbound Trading Link shall be settled in RMB. The Dividend Entitlement Date, cash dividend payment date and other time arrangements for the investors under Southbound Trading Link shall be in line with that of Shareholders of H Shares of the Company.

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

BUSINESS REVIEW AND ANALYSIS

Results overview

The Group is principally engaged in the investment, construction, operation and management of expressway infrastructure projects, and carries out diversified operations which are highly relevant to our principal business. Its businesses cover five major segments, namely, the “toll roads and bridges”, “financial investment”, “city operation”, “energy investment” and “transport, tourism, culture and education”. In 2019, the Group conformed to the development trend of the industry, seized regional development opportunities and united all work forces to overcome any challenges and perform the advantages to make significant progress in various aspects. In the face of mounting downward pressure on the domestic economy, the Group continued to maintain a generally stable and progressive development trend, made material breakthroughs in the development of core industries and made significant improvement in related diversified sectors.

In the Year, the net revenue of the Group amounted to approximately RMB7,806,743,000, representing an increase of approximately 14.45% year-on-year. In particular, the “toll roads and bridges” segment achieved net income of approximately RMB3,899,438,000, representing a year-on-year increase of approximately 9.29%; the “financial investment” segment achieved net income of approximately RMB147,321,000, representing a year-on-year increase of approximately 68.36%; the “city operation” segment achieved net income of approximately RMB1,987,349,000, representing a year-on-year increase of approximately 57.96%; the “energy investment” segment achieved net income of approximately RMB1,772,635,000, representing a year-on-year decrease of approximately 7.06%. The profit attributable to the owners of the Company was approximately RMB1,086,131,000, representing an increase of 27.83% year-on-year. Basic earnings per Share were approximately RMB0.355 (2018: approximately RMB0.278). As at 31 December 2019, the Group’s total assets amounted to approximately RMB37,860,574,000 and net assets amounted to approximately RMB16,153,968,000.

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

	Income for 2019 (after deduction of turnover tax) (RMB '000)	Year-on-year increase/ (decrease) in income for 2019 (%)	Profit/(loss) for 2019 (RMB '000)	Year-on-year increase/ (decrease) in profit/(loss) for 2019 (%)
Chengyu Branch ^(Note 1)	940,671	13.77	297,668	11.39
Chengya Branch ^(Note 1)	962,440	5.37	373,066	(0.53)
Chengren Branch ^(Note 1, 2)	1,021,189	18.07	393,342	38.50
Chengle Branch ^(Note 3)	496,947	(11.57)	258,330	(16.48)
Chengbei Branch	107,205	(7.43)	(526)	(100.95)
Suiguang-Suixi Company ^(Note 4)	370,984	30.10	(340,573)	(20.29)
Shunan Company ^(Note 5)	(75)	(100.30)	(35,929)	23.89
Renshou Shunan Company ^(Note 5)	14,645	(88.21)	65,332	(22.42)
Ziyang Shunan Company ^(Note 6)	263,957	19.71	42,424	469.76
Shuhong Company ^(Note 7)	32,963	(15.55)	(21,528)	3.90
Shuxia Company	74,157	20.53	21,320	21.63
Chengyu Advertising Company	6,587	2.78	(29)	(143.28)
Chengyu Logistics Company	–	N/A	–	N/A
Chengyu Education Company	–	N/A	(2,526)	N/A
Multimodal Transport Company	205,360	N/A	(9,522)	N/A
Commercial Factoring Company	3,980	N/A	2,254	N/A
Shuhai Company ^(Note 8)	–	N/A	8,996	(206.83)
Chengya Oil Company	502,243	2.99	47,673	13.04
Zhonglu Energy Company ^(Note 9)	1,272,981	(10.52)	41,318	70.26
Renshou Landmark Company ^(Note 10)	31,780	(69.95)	(66,929)	54.42
Chengyu Financial Leasing Company ^(Note 11)	143,399	63.88	44,564	22.61

Note 1: When calculating the profits of Chengyu Branch, Chengya Branch and Chengren Branch, the impact of income tax (15%) was taken into account.

Note 2: The profit of Chengren Branch increased by RMB109,341,000 or 38.50% from that of last year, mainly because the toll income (after deduction of turnover taxes) had a year-on-year increase of RMB156,321,000 or 18.07%, which was mainly driven by (1) increase in the GDP of cities alongside Chengren Expressway, among which GDP of Chengdu, Luzhou and Yibin increased by 8%, 8.5% and 9.8%, respectively. In addition, in 2019, the Tianfu New District alongside the expressway and Renshou Economic Development Zone vigorously promoted the construction and development to increase the toll income; (2) the increase in toll income as the Notice of Department of Transportation of Sichuan Province, the Development and Reform Commission of Sichuan Province and Sichuan Provincial Finance Department on Application of Preferential Toll to the Normally Loaded Legitimate Transport Vehicles (Chuan Jiao Fa [2014] No.1) (《四川省交通運輸廳、四川省發展和改革委員會、四川省財政廳關於對正常裝載合法運輸車輛通行費實行優惠的通知》(川交發[2014]1號) would no longer be implemented from 15 January 2019, stated in the Announcement in Relation to Weight-Based Tolling for Cargo Vehicles on Toll Roads (關於收費公路貨車計重收費有關事項的公告) issued by the Development and Reform Commission of Sichuan Province and Sichuan Provincial Finance Department on 15 January 2019; (3) the increase in toll income because from 1 January 2019, in Sichuan Province, the policy on toll based on downward classification would no longer be executed for passenger vehicles of 20 to 30 seats, the toll for which would be restored to that for class III vehicles, which was stated in the Notice on Collection of Toll against Passenger Vehicles of 20 to 30 Seats as Class III Vehicles issued by the Department of Transportation of Sichuan Province, the Development and Reform Commission of Sichuan Province and Sichuan Provincial Finance Department on 24 December 2018; (4) increase in toll income because of the increase of Chengyi Expressway's outfield construction vehicles and the traffic diversion in areas of Leshan due to the reconstruction and expansion of Chengle Expressway.

Note 3: The profit of Chengle Expressway recorded a decrease of RMB50,963,000 or 16.48% as compared with that of last year, mainly because the toll income (after deduction of turnover taxes) had a decrease of RMB65,010,000 or 11.57%, which was mainly driven by (1) the decrease in toll income attributable to the traffic diversion caused by the traffic control for 4 hours due to the demolition of the pedestrian bridge on 25 January 2019, the traffic control for 8.5 hours due to the remove of Meishan Interchange Overpass on 14 June 2019 and the entrance close of stations B and D of Meishan due to the reconstruction of Meishan Interchange Overpass from 1 June 2019; (2) the decrease in the short-distance traffic flow because of the restriction in speed between the Qinglong to Meishan experimental section due to the reconstruction and expansion of Chengle Expressway from 10 September 2019; (3) the traffic diversion because Mindong Avenue was officially opened on 8 November 2019, becoming a fast passage from Chengdu to Meishan.

Note 4: The loss of Suiguang Suixi Company recorded a decrease of RMB86,689,000 as compared with that of last year, mainly because the toll income (after deduction of turnover taxes) had a year-on-year increase of RMB85,826,000 or 30.10%, which was mainly driven by (1) the increase in toll income as the Notice of Department of Transportation of Sichuan Province, the Development and Reform Commission of Sichuan Province and Sichuan Provincial Finance Department on Application of Preferential Toll to the Normally Loaded Legitimate Transport Vehicles (Chuan Jiao Fa [2014] No.1) (《四川省交通運輸廳、四川省發展和改革委員會、四川省財政廳關於對正常裝載合法運輸車輛通行費實行優惠的通知》(川交發[2014]1號) would no longer be implemented from 15 January 2019, stated in the Announcement in Relation to Weight-Based Tolling for Cargo Vehicles on Toll Roads (關於收費公路貨車計重收費有關事項的公告) issued by the Development and Reform Commission of Sichuan Province and Sichuan Provincial Finance Department; (2) the increase in toll income because from 1 January 2019, in Sichuan Province, the policy

on toll based on downward classification would no longer be executed for passenger vehicles of 20 to 30 seats, the toll for which would be restored to that for class III vehicles, which was stated in the Notice on Collection of Toll against Passenger Vehicles of 20 to 30 Seats as Class III Vehicles issued by the Department of Transportation of Sichuan Province, the Development and Reform Commission of Sichuan Province and Sichuan Provincial Finance Department on 24 December 2018; (3) affected by Suining's environmental protection policy, construction sites in Suining urban district are transporting sand and gravel through Suixi Expressway to Banan Expressway Tiefertang Toll Station, which has greatly promoted the growth of Suixi Expressway's revenue, accounting for approximately 25% of daily revenue; (4) The Company's major channel construction has played an active role, and the number of passenger and cargo vehicles has continued to increase. The vehicles for returning home in Spring Festival and travelling in summer holiday preferentially chose Suiguang-Suixi Expressway through navigation.

- Note 5:* Shunan Company and Renshou Shunan Company recorded a decrease in the revenue for the year, respectively, because most of their BT projects had been completed for auditing. In addition, the increase in financial costs of Renshou Shunan Company led to a decline in its profit.
- Note 6:* Ziyang Shunan Company recorded an increase of 469.76% in the profit this year as compared with that of last year, mainly due to the relevant output value income and profit recognised after the final check and acceptance as the project of the year has reached the conditions for recognising output value income.
- Note 7:* For Shuhong Company, due to the deregistration of Shurui Company, profit of the year was merged into Shuhong Company.
- Note 8:* Shuhai Company recorded an increase of RMB17,417,000 in profit for this year as compared with that of last year, mainly due to the increase in dividend income recognized this year.
- Note 9:* Zhonglu Energy Company recorded a decrease of 10.52% in the net revenue for this year mainly due to lower sales volume of the chemical products for this year, though such adverse factor was offset by the gross profit margin of the refined oil product which was much higher than that of the chemical products.
- Note 10:* Renshou Landmark Company registered a dramatic year-on-year decrease in the revenue because the residential housing in the Project Beichengshidai (phase one) were delivered and the commercial and parking lots were mainly delivered in this year. The increase in profit for the year was mainly due to the decrease in financial expenses.
- Note 11:* Chengyu Financial Leasing Company registered an increase of 63.87% and 22.61%, respectively, in the net revenue and profit for this year, mainly due to an increase of 98.75% in the investment amount used for the new projects in this year and because most of the projects were delivered in this year which yielded higher rental income and interest income.

Operation conditions of the “toll roads and bridges” segment of the Group

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

Item	Shareholding percentage (%)	Average daily traffic flow (vehicles)			Toll income (before revenue taxes) (RMB'000)		
		2019	2018	Increase/ (decrease) (%)	2019	2018	Increase/ (decrease) (%)
Chengyu Expressway	100	23,042	25,045	(6.56)	944,238	830,186	13.74
Chengya Expressway	100	41,596	40,336	3.12	966,357	917,069	5.37
Chengren Expressway	100	40,389	39,866	1.31	1,024,965	868,040	18.08
Chengle Expressway	100	28,943	35,276	(17.95)	498,832	564,117	(11.57)
Chengbei Exit Expressway (including Qinglongchang Bridge)	60	52,164	58,716	(11.16)	107,917	116,571	(7.42)
Suiguang Expressway	100	6,668	6,082	9.64	217,517	184,831	17.68
Suixi Expressway	100	2,929	2,641	10.91	154,873	101,532	52.54

In 2019, the toll income (before deduction of turnover taxes) of the Group was approximately RMB3,914,699,000, representing an increase of approximately 9.28% as compared with last year. The percentage of the toll income to the Group's operating revenue from main business (after deduction of turnover taxes) was approximately 49.95%, representing a decrease of approximately 2.36% when compared with 52.31% last year. During the Reporting Period, the following factors constituted combined effects on the operating performance of the Group's business of expressways:

(1) Economic factors

In 2019, global trade frictions have intensified, and the downward pressure on the domestic economy has increased. However, the basic trend of rising at a stable pace in the domestic economy has not changed. The gross domestic product (GDP) for the Year amounted to RMB99,086.5 billion, representing a year-on-year increase of 6.1%¹ based on comparable prices, significantly higher than the global economic growth rate. The economy of Sichuan Province grew steadily, and the scale of economy continued to enlarge. Sichuan Province achieved a regional GDP of RMB4,661,582 million, representing an increase of 7.5% based on comparable prices as compared to last year, which is 1.4 percentage points² higher than the national average level. The sound economic development environment has led to an increase in demand for regional transportation, especially for freight transportation. Most of the toll road projects of the Group recorded certain increase in traffic flow as compared with the same period of last year. The Group's total toll income (before deduction of turnover taxes) increased by 9.28%.

¹ Source: Preliminary results released by the National Bureau of Statistics of China

² Source: Preliminary results released by the Sichuan Provincial Bureau of Statistics

(2) Policy factors

The following policy documents on expressway operations issued or implemented in 2019 and early 2020 will likely affect the operational performance of the expressways of the Group.

- According to the Announcement in Relation to Weight-Based Tolling for Cargo Vehicles on Toll Roads (關於收費公路貨車計重收費有關事項的公告) issued by the Department of Transportation of Sichuan Province, the Development and Reform Commission of Sichuan Province and Sichuan Provincial Finance Department, the 20% preferential toll cut applicable to normally loaded 2-shaft and 3-shaft weight-based-tolling cargo vehicles as well as the 30% preferential toll cut applicable to normally loaded 4-shaft (or above) weight-based-tolling cargo vehicles would no longer be implemented, and the tolls to be collected for such vehicles would be calculated based on the basic weight-based-tolling rates for cargo vehicles commencing from 15 January 2019.
- According to the Notice on Collection of Toll against Passenger Vehicles of 20 to 30 Seats as Class III Vehicles (關於對20-30座客車按三類車型收取車輛通行費的通知) issued by the Department of Transportation of Sichuan Province, the Development and Reform Commission of Sichuan Province and Sichuan Provincial Finance Department, from 1 January 2019, the policy on toll based on downward classification would no longer be executed in Sichuan Province for passenger vehicles of 20 to 30 seats, the toll for which would be restored to that for class III vehicles.

- According to the Notice on Implementation of Differentiated Toll Collection for Expressways (關於實施高速公路差異化收費的通知) issued by Sichuan Provincial Department of Transportation, Sichuan Provincial Development and Reform Commission and the Sichuan Provincial Department of Finance, differentiated toll collection have been implemented for toll-by-weight trucks which are normally loaded for legal transportation in Sichuan Province with effect from 00:00 on 1 April 2019. The main contents are as follows:

1. Implementation of differentiated toll collection of “lower unit transportation cost for longer distance” for ordinary trucks on 53 expressway sections which are wholly state-owned or controlled by Sichuan Province for a period of 1 year (from 00:00 on 1 April 2019 to 24:00 on 31 March 2020). The implementation method is set out in the following table:

Total mileage in the expressway network Axle type of ordinary trucks	Single continuous mileage of less than 100 km (100 km excluded)	Single continuous mileage of 100 km–200 km	Single continuous mileage of over 200 km (200 km excluded)
2 axles, 3 axles	–	A discount of 5% for the toll of 53 expressway sections	A discount of 10% for the toll of 53 expressway sections
4 axles or above	A discount of 5% for the toll of 53 expressway sections	A discount of 10% for the toll of 53 expressway sections	A discount of 15% for the toll of 53 expressway sections

2. Implementation of differentiated toll collection for international standard containers in the expressway network of the province for a period of 5 years (from 00:00 on 1 April 2019 to 24:00 on 31 March 2024) (The expressway toll will be collected at a discount of 30% for international standard container vehicles; the expressway toll will be collected at a discount of 60% for container vehicles which are accessed to and from Luzhou and Yibin ports);
3. Implementation of discount for toll payment with ETC card for trucks in the expressway network of the province for a period of 5 years (from 00:00 on 1 April 2019 to 24:00 on 31 March 2024) (For the trucks which use ETC card of Sichuan Province for toll payment, the expressway toll will be collected at a discount of 5%).

- According to the requirements of the Notice on Deepening the Reform of the Toll Road System on Cancellation of Toll Stations on the Provincial Boundaries of Expressways (關於深化收費公路制度改革取消高速公路省界收費站的通知) issued by the Office of the People's Government of Sichuan Province, Sichuan Province has canceled all 19 provincial expressway toll stations in the province at 00:00 on 1 January 2020, and achieved grid-connected of toll system.
- According to the Notice on Adjusting the Vehicle Tolls Charging Method and Standard for Operating Expressway in Our Province (關於調整我省經營性高速公路車輛通行費計費方式和收費標準的通知) issued by the Department of Transportation of Sichuan Province, the Development and Reform Commission of Sichuan Province, the adjusted vehicle tolls charging method and standard for expressway will be implemented from 1 January 2020. The main contents are as follows:
 1. The charging method of expressway tolls was adjusted from a closed model to an open section fares system, which would be calculated based on the actual driving road of a vehicle;
 2. The vehicle type classification of expressway toll is strictly executed in accordance with the industry standard “Vehicle Type Classification of Toll Highway Vehicle Toll” (JT/T489-2019). The relevant adjustment information of vehicle type classification is shown as follows:

Vehicle type Toll classification	Passenger vehicles		Goods vehicles		
	Before adjustment	Upon adjustment	Total amount of axles	Before adjustment	Upon adjustment
Type 1	7 seats or below	9 seats or below	2 axles	2 tons or below	Car length is under 6 meters and the total mass of it can undertake is under 4.5 tons
Type 2	Between 8 seats and 19 seats	Between 10 seats and 19 seats Passenger/ car trailer combination		Between 2 tons to 5 tons (including 5 tons)	Car length is over or equal to 6 meters or the total mass it can undertake is over or equal to 4.5 tons
Type 3	/	39 seats or below	3 axles	/	/
Type 4	/	40 seats or above	4 axles	/	/
Type 5	/	/	5 axles	/	/
Type 6	/	/	6 axles	/	/

3. Passenger cars shall be charged according to different types of vehicles, and the standard of base toll shall be implemented in accordance with the standards approved by the Department of Transportation of Sichuan Province, the Development and Reform Commission of Sichuan Province; Goods cars will be charged by different types of vehicles instead of by weight, and the charging rate will be implemented in accordance with the Adjustment Plan for Goods Vehicles Toll Charging Modes of Sichuan Toll Expressways (四川省已收費高速公路貨車通行費計費方式調整方案), pursuant to which, the standards of charging rate of each of the expressway under the Group are as follows:

Number	Name of road section	Toll classification	Charging rate standards for goods vehicles (RMB/car. Km)					
			Type 1	Type 2	Type 3	Type 4	Type 5	Type 6
1	Chengya Expressway	Basic toll	0.37	0.64	1.12	1.57	1.68	2.03
2	Chengle Expressway	Basic toll	0.38	0.65	1.15	1.63	1.74	1.93
3	Chengyu Expressway	Basic toll	0.38	0.66	1.17	1.7	1.81	2.08
		Additional payment for bridge and tunnel	2.63	4.89	8.71	12.58	13.63	15.15
4	Chengren Expressway	Basic toll	0.38	0.66	1.17	1.68	1.79	2.11
		Additional payment for bridge and tunnel	2.98	5.04	8.99	12.92	14	16.46
5	Chengbei Exit Expressway	Basic toll	0.39	0.54	1.19	1.42	1.63	1.92
6	Suiguang Expressway	Basic toll	0.37	0.66	1.18	1.65	1.87	2.2
7	Suixi Expressway	Basic toll	0.39	0.69	1.26	1.74	1.85	2.21

- At the beginning of 2020, a relatively serious novel coronavirus epidemic occurred in China and in many countries around the world, which had a significant impact on people's lives and health and the socio-economic development. Since the outbreak of the epidemic, people's willingness to travel has been reduced, and the resumption of work and production by enterprises has been delayed, which has resulted in the suspension of a large number of passenger flights and lines and a sharp decline in road traffic. In order to guarantee the epidemic prevention and control work and support the resumption of work and production for enterprises, the toll-free policy for the first-class passenger cars and buses during the Spring Festival holiday was extended to 24:00 on 8 February 2020 according to the Notice on the Extension of the Toll Period for Small Passenger Cars during the Spring Festival Holiday of 2020 (《關於延長2020年春節假期小型客車通行

費時段的 通知》) and the Notice on the Extension of the Toll-free Period for Small Passenger Cars on Toll Roads during the Spring Festival Holiday (《關於延長春節假期收費公路免收小型客車通行費時段的 通知》) issued by the Ministry of Transport. According to the Notice on Toll Free for Vehicles on Toll Roads during the Prevention and Control Period of Novel Coronavirus Pneumonia Epidemic issued by the Ministry of Transport (《關於新冠肺炎疫情防控期間免收收費公路車輛通行費的 通知》), all vehicles passing toll roads according to law are exempt from tolls. Collect tolls from 00:00 on 17 February 2020 to the end of the epidemic prevention and control work.

(3) *Regional development factors*

Sichuan Province is rich in tourism resources, and self-driving tour remains hot, which in return make Chengya, Chengren, Suiguang and Suixi Expressways to keep high increase in truck flow. Due to the integration of Renshou county into Chengdu's same city development, and being in Chengdu's "half-hour" economic circle, its local economy has developed rapidly, the infrastructure in the Tianfu New District has gradually established well and the construction of Xinglong Lake has developed rapidly, the mobile population in such area has been increasing, which has promoted the growth in traffic flow of Chengren Expressway, especially in the growth of truck flow. Meanwhile, the construction of Tianfu New District, Shigao Economic Development Zone and Huantianfu New District Expressway Route along the Chengren Expressway has also brought certain truck flow. In addition, the construction progress of projects such as the South Extension of Hongxing Road, the Baofei section of Cheng (Chengdu) Yi (Yinbin) Expressway, the Lian (Lianjie) Le (Leshan) Railway, Chengdu Tianfu International Airport, Xincheng Industrial Development Zone in Jianyang City and other works has been accelerated. The demand for construction materials are strong, which has promoted relatively rapid growth in truck flow. The operation of large-scale e-commerce enterprises surrounding Jianyang, the accelerated industrial construction in Suining and Guang'an and the construction of new plants and continuous commencement of construction of a number of premises in Pengxi County and Guang'an Industrial Park, injected vitality to the freight transportation market, which stimulated the increase in the truck flow of Chengle, Suixi, Chengren Expressways.

(4) *Factors in road network changes and road construction*

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

Chengyu Expressway: from 31 October 2018 to 30 April 2019, the access to the downtown through Chengdu Toll Station was closed for construction; from 15 October 2018 to 1 February 2019, the ramp at Jianyang Toll Station was closed for construction; from 30 August 2019, Ziyang Toll Station was closed completely, and completed its relocation and operation on 13 January 2020, which had a certain impact on the traffic flow of Chengyu Expressway.

Chengle Expressway and Chengya Expressway: from 8 o'clock on 28 May 2019, due to the reconstruction and expansion of Chengle Expressway, the section from Meishan to Qinglong was closed for construction, which was officially opened to traffic on 27 November 2019. During the period of closure, the traffic flow and toll revenue of Chengle and Chengya Expressway decreased significantly; from 1 December 2019 to 28 February 2020, Yakang Expressway implemented winter control, which had a certain impact on the traffic flow of Chengya Expressway.

Chengren Expressway: as the Chengle Expressway was closed due to reconstruction and expansion, the export flow of Chengren Expressway increased slightly.

Chengbei Exit Expressway: from 17 June 2019 to 30 September 2019, Chengbei Exit Expressway implemented two-way closing for construction (excluding Chengmian Interchange ramp), in late October, Chengbei Exit Expressway started a special pavement treatment project, which had a certain negative impact on toll revenue.

Suixi Expressway: on 22 November 2018, the official opening of Bazhong-Shaanxi Expressway drove up the traffic flow of Suixi Expressway.

Operation Conditions of the Group's Diversified Businesses

“City Operation” segment: Relying on the expertise and experience accumulated over the years in construction projects, and leveraging on capital advantage, location advantage and brand advantage, the Group has made great efforts to expand urban infrastructure and real estate development along the expressways, at the same time, steadily promoted the assets, service areas, advertising management and other businesses along the expressways, so as to promote the extension of related industries and increase the overall profit of the Group. In the Year, the net income of the Group's city operation segment amounted to approximately RMB1,987,349,000 (2018: RMB1,258,133,000), representing an increase of approximately 57.96% from the last year. Among them, the BT project (including PPP project) achieved net income of approximately RMB302,126,000 (2018: RMB409,010,000), representing a decrease of approximately 26.13% from the last year; real estate projects achieved net income of approximately RMB31,780,000 (2018: RMB105,743,000), representing a decrease of approximately 69.95% from the last year.

“Energy Investment” segment: The Company cooperates with energy giants including PetroChina and Sinopec to proactively develop the energy investment business, mainly related to the gas station business along the Group’s expressways and the sales of petrochemical products etc. During the year, the Group operated 32 gas stations, and recorded a net revenue of approximately RMB1,772,635,000 (2018: RMB1,907,383,000) from operation of gas stations along the expressways and sales of petrochemical and other oil products, representing a year-on-year decrease of approximately 7.06%.

“Financial Investment” segment: The Company has an efficient and professional capital operation team and has formed a relatively complete financial ecosystem relying on the advantages of domestic and overseas financing platforms. It has built admirable cooperation with over 50 banks, financial leasing companies and other financial institutions, and its business scope covers industrial funds, merger and acquisition funds, financing leasing, trusts, banking and other segments. During the Reporting Period, the net income of the Group’s financial investment segment amounted to approximately RMB147,321,000 (2018: RMB87,505,000), representing an increase of approximately 68.36% from the last year.

“Transport, Tourism, Culture and Education” segment: the “transport, tourism, culture and education” segment is a new business established by the Company in accordance with the revised “Thirteenth Five-Year” strategic plan. In the future, leveraging on the road network resources, the Company will develop a presence in the transport, tourism, culture and education businesses: following the development idea of “vocational education + preschool education”, the Company will set its presence in culture and education industry to proactively promote preschool education and early education, Internet-based education, vocational education, building of university for the elderly and other projects; centering on traffic + tourism, the Company will build new business forms of tourism which will synergize with road economy to develop self-driving tour, rural tourism, and tourism real estate along expressways; and for the purpose of industrial synergy, the Company will develop the healthcare business and build health intuitions relying on tourist attractions and featured towns along expressways. The Company will give full play to the synergic relationship among education, tourism and healthcare, and proactively seek for and reserve a number of high-quality projects through project platform companies, acquisitions, capital increase, strategic alliances, etc., so as to drive the development of the Company through joint development of multiple businesses, achieve synergic development of businesses and foster new profit growth drivers. Up to the date of this announcement, the “transport, tourism, culture and education” segment has made breakthrough progress, and the investment intention agreement has been entered into for Dachuan River healthcare and wellness tourism project in Lushan County; and the Letter of Intent for the Project Investment of Characteristic Vocational and Technical Schools (特色職業技術學校項目投資意向書) has been entered into by Chengyu Education Company and the People’s Government of Qionglai City, Sichuan Province.

Major financing and investment projects of the Group

(1) Chengle Expressway Expansion Construction Project

On 30 October 2017, the Company convened an extraordinary general meeting, considered and approved the resolutions on investing in the expansion construction project of Chengle Expressway and related matters. According to the reply on approval of the project from the Sichuan Provincial Development and Reform Commission, the total mileage of the project was 138.41km, and the project's estimated total investment was about RMB23.133 billion. While according to the reply on approval of the project from Transportation Department, the total mileage of the project was 130km, and the project's estimated total investment was about RMB22.16 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 the Chengle Expressway. On 27 November 2019, the pilot section project for Chengle Expressway expansion completed its established tasks and opened to traffic in two-ways; On 18 December 2019, the new Qinglong Toll Station of Chengle Expressway officially opened to traffic. From the date of construction commencement to 31 December 2019, the cumulative investment amount of Chengle Expressway expansion construction project was about RMB2.712 billion.

(2) Intermodal Transportation Company renamed and included in the Company's consolidated statement

On 24 October 2017, the Company entered into the Investor Agreement with Chengdu Communications Investment Group Co., Ltd (“CCI”) and China Railway Chengdu Group Co., Ltd (“**Chengdu Railway Bureau**”) to jointly contribute and establish Tianyi United Company. On 19 January 2018, Tianyi United Company completed the industrial and commercial registration at the Administration for Industry and Commerce of Tianfu New District (Chengdu Area), Sichuan Province with a registered capital of RMB1 billion. The Company, CCI and Chengdu Railway Bureau contributed RMB510 million, RMB440.5 million and RMB49.5 million, respectively, each holding 51%, 44.05% and 4.95% of the equity interests in Tianyi United Company, respectively, which were accounted by the Company as a joint venture.

On 4 April 2019, Tianyi United Company renamed from Sichuan Tianyi United Investment & Development Co., Ltd. to Sichuan Multimodal United Transportation Investment and Development Co., Ltd. and is included into the consolidated report of the Company as the holding subsidiary of the Company.

(3) *Dachuan River Healthcare and Wellness Tourism Project in Lushan County*

In order to fully capitalize on the advantages of resources along the expressways, the Group proactively developed tourism projects along the expressways. On 25 December 2018, the Group (“**Party B**”) and the People’s Government of Lushan County (“**Party A**”) entered into the Investment Intention Agreement on Dachuan River Healthcare and Wellness Tourism Project in Lushan County. Pursuant to the agreement, the project adopts the “investment construction-operation” mode, with a total investment of approximately RMB6 billion and a tentative construction period of 6 years. The two parties will enter into a formal investment agreement within six months commencing from the date of the signing of the investment intention agreement (If the approval by Party A’s competent department or the internal and external approvals of Party B fails to meet the requirements, it can be postponed appropriately. The specific time shall be separately agreed upon by both parties). Currently, Shunan Company, a wholly owned subsidiary of the Group, is responsible for the preliminary work of this project temporarily.

The aforesaid agreement is a framework agreement on the cooperation intention of both parties. Save as a bid bond of RMB10 million paid to the People’s Government of Lushan County, it does not involve any exact amount of the final investment. Concrete investment plan and implementation particulars have yet to be finalized and specified, and the entering into the subsequent formal investment agreement is still uncertain. If the formal investment agreement is executed, the Company will go through relevant consideration procedures according to the follow-up progress and perform its information disclosure obligation in a timely manner.

(4) *Chengbei New City Real Estate Project in Renshou County*

On 30 January 2013, the general manager’s office meeting of the Company considered and approved the proposal in relation to bidding for 3 state-owned construction land use rights at Chengbei New City, Renshou County, Meishan City, Sichuan Province to invest and develop real estate project. On 22 February 2013, the Company won the bid for the land use rights of such land, involving a land area of 235,558.10 square meters, and the transaction price was RMB920,160,000. In May of the same year, Renshou Landmark Company was established, fully responsible for the development and construction of Renshou County Chengbei New City Real Estate Project. On 15 May 2014, Renshou Landmark Company once again won 5 state-owned construction land use rights at Chengbei New City, involving a land area of approximately 194,810.52 square meters, and the transaction price was RMB787,100,000.

At present, the sale and delivery of the real estate project, namely, Beichengshidai (Phase I) has substantially completed, and the accumulative sales revenue of Phase I amounted to approximately RMB509,408,000 as of 31 December 2019; for the Beichengshidai (Phase II), the Land A project construction is steadily pressed ahead and solid sales is achieved, Land C starts to sell, and Land B has begun pre-bidding. During the Reporting Period, Land A, C (both in Phase II) realized RMB972 million of sales collection, which has not been recognized as revenue.

Name of project	Location	Commencement time	Construction progress	Completion time	Usage	Site area and floor area	Percentage as owned by the Group
Beichengshidai (Phase I)	Central Business Avenue, Wenlin Town, Renshou County	31 October 2014	Completed	December 2017	Residential, commercial and parking lots	Site area: 34,167.31 square meters; Construction area: 195,883.43 square meters	91%
Land A of Beichengshidai (Phase II)	Central Business Avenue, Wenlin Town, Renshou County	18 May 2018	74.02%	Expected to be completed in July 2020	Residential, commercial and parking lots	Site area: 64,882.22 square meters; Construction area: 289,276.7 square meters	91%
Land C of Beichengshidai (Phase II)	Central Business Avenue, Wenlin Town, Renshou County	24 June 2019	26.96%	Expected to be completed in December 2021	Residential, commercial and parking lots	Site area: 34,381.58 square meters; Construction area: 180,780.32 square meters	91%

(5) Establishment of Chengyu Education Company and Investment in Characteristic Vocational and Technical School Projects

In accordance with the “Thirteenth Five Year” development plan of the Group, the Group will speed up the layout of the cultural and educational industries and promote the development of the “transport, tourism, culture and education” segment of the Group, to seek new development direction and profit growth drivers. On 12 November 2018, the general manager’s office meeting of the Company approved the proposal of the establishment of Chengyu Education Company. On 20 February 2019, Chengyu Education Company was incorporated at the Administrative Service Center of Tianfu New District, Chengdu with a registered capital of RMB480 million, which was wholly funded by the Company.

On 24 July 2019, Chengyu Education Company and the People’s Government of Qionglai City, Sichuan Province signed the Letter of Intent for the Project Investment of Characteristic Vocational and Technical Schools (特色職業技術學校項目投資意向書), which planned to invest in characteristic vocational and technical school project in Qionglai City, Sichuan Province, including characteristic vocational technical higher vocational schools and characteristic vocational technical secondary vocational schools. The project is constructed in four phases, and the total investment scale is expected to be about RMB1.5 billion (the specific contents of investment and development are subject to the investment scale project plan).

(6) *Winning the Bid for the Tianqiong Expressway Project and Establishment of Chengqiongya Company*

To consolidate the development of principal business, improve the market competitiveness of “toll roads and bridges” segment, and promote the sustainable development of the Group, on 30 October 2019, the Board considered and approved the resolution of investment in Tianqiong Expressway Project. The Company and Road & Bridge International Co., Ltd. (“**Road & Bridge International**”) established the Consortium to participate in the tender of the project, among which, the Company shall be the lead tender of the Consortium and Road & Bridge International shall be the member of the Consortium, representing 82% and 18% of its equity interest, respectively. On 3 December 2019, the Consortium received the Notification of Award issued by Chengdu Municipal Government, informing that the Consortium won the tender for this project through public tender. The total length of the project is 42km with an estimated total investment of approximately RMB8.685 billion. As approved by the provincial government of Sichuan, the project will be operated in BOT model and was planned to commence the full-scale construction in 2020 with a construction period of approximately 3 years and a toll period of approximately 24 years and 90 days. The actual starting and ending time shall be subject to the approval by Sichuan Province.

On 27 December 2019, the Company entered into an investment agreement with Chengdu Municipal Government and Road & Bridge International jointly; On 21 January 2020, the Company and Road & Bridge International entered into a capital contribution agreement for the establishment of the project company with joint contribution. On 4 March 2020, Sichuan Chengqiongya Expressway Company Limited (“**Chengqiongya Company**”), the project company, was incorporated in Qionglai City, Sichuan Province, with a registered capital of RMB1,737 million, of which the Company contributed RMB1,424.34 million. Chengqiongya Company will enter into a concession agreement with the Chengdu government and be responsible for the investment, construction and operation of Tianqiong Expressway project. The Company shall fulfill the obligation of information disclosure timely in accordance with the progress of the project.

(7) *Participation in the Acquisition Project in Turkey*

On 20 December 2019, to explore the overseas expansion model of the principal business of the Company, the Board considered and approved the resolution of participation in the acquisition of overseas assets and the connected party transaction. The Company, China Merchants Expressway, China Merchants Union (BVI) Limited (“**CMU**”), Zhejiang Expressway Co., Ltd. (“**Zhejiang Expressway**”), Jiangsu Expressway Company Ltd. (“**Jiangsu Expressway**”) and Anhui Expressway Company Ltd. (“**Anhui Expressway**”), proposed as the “**Consortium Members**”, establish a joint venture (the “**Joint Venture**”) in Hong Kong through joint contribution by their respective wholly-owned subsidiaries

registered in Hong Kong for the purpose of acquiring 51% of the equity interest of ICA Company, which owns the franchise rights of the Third Bosphorus Bridge and the northern expressways located in Istanbul, Turkey, as well as 51% of the shareholders' loans owed by original shareholders to the ICA Company. The registered capital of the Joint Venture is USD688.5 million (equivalent to approximately RMB4,828 million), among which, the Company proposed to contribute USD48.195 million (equivalent to approximately RMB338 million), holding 7% of the equity interest with China Merchants Expressway, CMU, Zhejiang Expressway, Jiangsu Expressway and Anhui Expressway holding 31%, 20%, 17.5%, 17.5% and 7% of the remaining equity interest, respectively. The Joint Venture will establish a special purpose vehicle in Malta (the "Consortium Malta SPV"), and the Consortium Malta SPV will further establish a special purpose vehicle in the Republic of Ireland (the "Consortium Ireland SPV") for the purpose of completing the acquisition of overseas assets. On 23 December 2019, the Company entered into a cooperation agreement with CMU, Zhejiang Expressway, Jiangsu Expressway, China Merchants Expressway and Anhui Expressway. On the same day, as the Joint Venture, the Consortium Ireland SPV and the Consortium Malta SPV have not been incorporated, the Consortium Members, on behalf of the Joint Venture, the Consortium Ireland SPV and the Consortium Malta SPV, entered into the share purchase agreements with the seller.

The acquisition of the overseas assets shall apply for overseas investment filing to National Development and Reform Commission and the Ministry of Commerce, apply for foreign exchange registration to relevant banks, obtain approval and consent from Turkish Expressway Administration for Transport, obtain consent from the existing lending banks which lending money for the acquisition of the underlying asset and pass the antitrust review. There are uncertainties about whether it will pass the abovementioned procedures and also numerous uncertainties in the complicated and changeable international environment. The Company shall fulfill the obligation of information disclosure timely in accordance with the progress of the project.

(8) IPO Strategic Placement of CRSC A Share

In July 2019, in order to expand related businesses, the Company participated in the IPO strategic placement of A Share of China Railway Signal & Communication Corporation Limited ("CRSC") with self-owned funds. The price of share issued by CRSC is RMB5.85 per share, with the A Share subscription price under strategic placement the same as the issue price of A Share. Pursuant to Announcement on Offline Preliminary Placement Results and Online Award Results published by CRSC on the website of Shanghai Stock Exchange on 12 July 2019, the number of allocated shares for the Company is 11,839,000 shares with allocated amount of RMB69,258,150.00. The allocated shares shall be locked for 12 months from the day that the shares issued by CRSC are listed and traded on the Sci-Tech Board of Shanghai Stock Exchange.

FINANCIAL REVIEW AND ANALYSIS

Analysis of Operating Results and Financial Position

Summary of the Group's Operating Results

	For the year ended 31 December	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	7,806,743	6,820,997
Including: Net toll roads and bridges income	3,899,438	3,567,976
Net city operation revenue	1,987,349	1,258,133
Net financial investment revenue	147,321	87,505
Net energy investment revenue	1,772,635	1,907,383
Profit before tax	1,463,539	1,205,912
Profit attributable to owners of the Company	1,086,131	849,638
Earnings per share attributable to owners of the Company (<i>RMB</i>)	0.355	0.278

Summary of the Group's Financial Position

	31 December 2019	31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>
Total assets	37,860,574	36,035,058
Total liabilities	21,706,606	21,150,659
Non-controlling interests	876,070	392,793
Equity attributable to owners of the Company	15,277,898	14,491,606
Equity per share attributable to owners of the Company (<i>RMB</i>)	4.996	4.739

ANALYSIS OF OPERATING RESULTS

Revenue

The Group's net revenue for the year amounted to RMB7,806,743,000 (2018: RMB6,820,997,000), representing a year-on-year increase of 14.45%, of which:

- (1) The net toll roads and bridges income was RMB3,899,438,000 (2018: RMB3,567,976,000), representing a year-on-year increase of 9.29%, which was mainly due to: (1) the impact of policies (to be specific, the toll to be collected would be calculated based on the weight-based-tolling rates for cargo vehicles resumed from 15 January 2019), and the policy on toll bases on downward classification was no longer be executed for passenger vehicles of 20 to 30 seats; (2) the natural growth of traffic volume as driven by the macroeconomic development of regions along the expressways, especially Chengren Expressway, which has been integrated into the integrated development of Chengdu due to Renshou County's development, and is located in Chengdu's "half-hour" economic circle, leading to a result that local economy has developed rapidly and truck revenue has increased significantly. As a result of the foregoing, the toll income (before deduction of turnover taxes) of Chengyu Expressway, Chengren Expressway, Suiguang-Suixi Expressways increased at a faster pace, with the year-on-year increases of 13.74%, 18.08%, 17.68% and 52.54%. Please refer to "operating conditions of the 'toll roads and bridges' segment of the Group" in this announcement for details of the main factors affecting the toll income of the Group during the Reporting Period;
- (2) The net revenue of city operations segment was RMB1,987,349,000 (2018: RMB1,258,133,000), representing a year-on-year increase of 57.96%, which was mainly due to: (1) construction contract revenue (before deduction of turnover taxes) in respect of service concession arrangements was RMB1,348,375,000 (2018: RMB688,171,000), representing a year-on-year increase of 95.94%, which was the construction contract revenue from the project for expansion construction of Chengle Expressway recognized under the input method; (2) construction contract revenue (before deduction of turnover taxes) in respect of construction works performed for third parties amounted to RMB302,126,000 (2018: RMB376,323,000), representing a year-on-year decrease of 19.72%, which was the construction contract revenue from the Ziyang Jiaozi Avenue project recognized under the input method. The decrease in the construction contract revenue in respect of construction works performed for third parties during the year was mainly due to the fact that as Renshou BT project and other BT projects were all completed and presented for auditing, no output value of the aforesaid projects was recognized for the year; (3) due to the change of control of Sichuan Multimodal United Transportation Investment and Development Co., Ltd. (四

川省多式聯運投資發展有限公司), the Company has changed from equity method to cost method since April 2019, and the recognized revenue arising from the consolidation of Sichuan Multimodal United Transportation Investment and Development Co., Ltd. was RMB205,360,000; (4) the revenue of other projects was RMB131,488,000;

- (3) The net revenue of financial investment segment was RMB147,321,000 (2018: RMB87,505,000), representing a year-on-year increase of 68.36%, which was mainly due to the increase in the amount of financial leasing projects, the increase in rental income and the increase in new combined factoring business income;
- (4) The net revenue of energy investment segment was RMB1,772,635,000 (2018: RMB1,907,383,000), representing a year-on-year decrease of 7.06%, which was mainly due to the year-on-year decrease in sales of chemical products of this year.

Other Income and Gains

The Group's other income and gains for the year amounted to RMB269,107,000 (2018: RMB239,154,000), representing a year-on-year increase of 12.52%. This was mainly due to the year-on-year increase of the interest income on bank deposits of this year by RMB36,734,000. In addition, increases at varied levels were also recorded in respect of interest income of construction contracts, gains and losses from changes in fair value of financial assets at fair value through profit or loss for the holding period and income from compensation for road property.

Operating Expenses

The Group's operating expenses for the year amounted to RMB5,917,272,000 (2018: RMB5,131,344,000), representing a year-on-year increase of 15.32%, of which:

- (1) During the year, construction contract cost recognized under the input method in respect of service concession arrangements was RMB1,348,375,000 (2018: RMB688,171,000), representing a year-on-year increase of 95.94%. This mainly included construction contract costs recognized for Chengle Expressway Expansion Construction Project;
- (2) During the year, construction contract costs recognized under the input method in respect of construction works amounted to RMB237,825,000 (2018: RMB333,794,000), representing a year-on-year decrease of 28.75%. This mainly included the construction contract costs of the Ziyang Jiaozi Avenue project;
- (3) Depreciation and amortization expenses increased by 1.20% from RMB860,425,000 for the last year to RMB870,759,000 for the year, mainly attributable to the increase of amortization for service concession arrangements and right-of-use assets;

- (4) The cost of sales of refined oil and other products was RMB1,555,010,000 (2018: RMB1,728,815,000), representing a decrease of 10.05% over the last year, which was mainly due to the decrease in the sales of chemical products and the corresponding decrease in sales costs during the year;
- (5) Staff costs increased by 12.64% from RMB700,066,000 for the same period last year to RMB788,550,000 for the year, mainly due to (1) the increase in expenses for employees' salary after the change of consolidation scope as a result of the adding of three subsidiaries (or sub-subsidiary), namely, Sichuan Multimodal United Transportation Investment and Development Co., Ltd., Sichuan Chengyu Commercial Factoring Company Limited and Sichuan Chengyu Education Investment Co., Ltd. to the combined statements for the year; (2) the nature increase in expenses for employees' salary resulting from the rigid increase of labor costs and the higher percentage of enterprise annuity fund provided during the Reporting Period as compared to that of the same period last year;
- (6) Repair and maintenance costs increased by 35.30% from RMB374,647,000 for the same period last year to RMB506,909,000, being the daily maintenance costs of the ancillary facilities of all expressways of the Group;
- (7) Loss on disposal and write-off of items of properties, plants and equipment and service concession arrangements amounted to RMB32,967,000, representing an increase of RMB29,006,000 over the last year;
- (8) Provision/(reversal) of bad debt provision of other receivables amounted to RMB13,260,000, representing an increase of RMB24,391,000 over the last year.

Finance Costs

The Group's finance costs for the year amounted to RMB828,244,000 (including: expensed interest expenses of RMB723,554,000), representing an increase of 0.21% as compared with RMB826,530,000 (including: expensed interest expenses of RMB777,174,000) for the same period last year, mainly due to the higher of the size of interest-bearing liabilities and capital cost of the finance lease item.

Income Tax

The income tax expense of the Group for the year amounted to RMB330,250,000, representing an increase of approximately 8.60% as compared with RMB304,086,000 for the year of 2018, mainly due to the change in profit.

Profit

The Group's profit for the year amounted to RMB1,133,289,000, representing an increase of approximately 25.67% as compared with RMB901,826,000 for the same period last year, of which the profit attributable to owners of the Company was RMB1,086,131,000, representing an increase of 27.83% as compared to the same period last year. This was mainly due to:

- (1) During the year, the economic growth in regions along the expressways has led to an increase in demand for regional transportation, especially for freight transportation on the one hand; as driven by the toll collection policy, toll income of most expressways under the Group grew at different levels as compared to the same period last year, on the other hand. Net toll income of the Group's expressway business increased by RMB331,462,000 as compared with the same period of last year. Profit of the toll roads and bridges segment was approximately RMB1,308,814,000, representing a year-on-year increase of approximately RMB215,707,000;
- (2) Profit of the city operation segment for the year amounted to approximately RMB151,144,000, representing an increase of approximately RMB78,336,000 as compared with the same period last year, which was mainly due to the fact that in last year, the preliminary expenses capital of Ziyang Jiaozi Avenue project occupying the interest income was recognized because it did not reach the conditions of being recognized as output value and the project completed the construction and acceptance, the relevant output value of which was recognized for the year;
- (3) Profit of the financial investment segment for the year amounted to approximately RMB44,577,000, representing a decrease of RMB4,190,000 as compared with the same period last year, which was mainly due to the decrease in the recognized investment income from Renshou Bank;
- (4) Profit of the energy investment segment for the year amounted to approximately RMB150,474,000, representing an increase of approximately RMB32,149,000 as compared with the same period last year, mainly due to the increase in the gross profit margin of the refined oil product due to the market pricing adjustment.

ANALYSIS OF FINANCIAL POSITION

Non-current Assets

As at 31 December 2019, the Group's non-current assets amounted to RMB28,950,380,000, representing an increase of RMB693,006,000 as compared with the end of 2018, mainly attributable to:

- (1) An increase of RMB612,801,000 in service concession arrangements which included an increase of approximately RMB1,372,940,000 from Chengle Expressway Expansion Construction Project, the disposal of service concession arrangements of approximately RMB15,856,000 and the provision for amortization of service concession arrangements of approximately RMB744,283,000;
- (2) An increase of RMB458,490,000 in right-of-use assets. The Group adopted new leasing standards from 1 January 2019, pursuant to which, the Group accounted for the assets previously recognized under operating leases as right-of-use assets and reclassified the project assets previously recognized under prepaid land lease payments into right-of-use assets;
- (3) A decrease of RMB546,200,000 in investment in associates and joint ventures, mainly due to (1) the decrease of RMB510,212,000 in the carrying amount of Sichuan Multimodal United Transportation Investment and Development Co., Ltd. as it was accounted for by cost method instead of equity method commencing from April 2019 and consolidated into the combined statements of the Group after the change of its controlling right; (2) the decrease in carrying amount after the recovery of cost and investment income in a total amount of RMB186,040,000 after the termination of the water project initiated by Chengyu Development Fund during the year; (3) the new increase of RMB71,050,000 in the investments in CCI International Supply Chain Management Co., Ltd. (成都交投國際供應鏈管理有限公司) during the year; (4) the additional capital of RMB66,750,000 in Chengyu Development Fund for the year; and (5) the new increase of RMB2,842,000 in the investment of China Trancomm Network Technologies Co., Ltd. (中交通信網絡科技有限公司);
- (4) An increase of RMB48,652,000 in financial assets at fair value through other comprehensive income, which was mainly due to the Group's acquisition of 10,271,703 additional shares in China Everbright Bank at a cost of RMB39,802,000 in the secondary market during the year; in addition, there was a cumulative effect of RMB8,847,000 arising from changes of fair value for the year;
- (5) An increase of approximately RMB29,102,000 in restricted bank deposits, which were mostly security deposits for mortgage of real estate projects;

- (6) An increase of RMB478,130,000 in loans to customers;
- (7) A decrease of RMB8,478,000 in long term compensation receivables;
- (8) An increase of RMB198,244,000 in property, plant and equipment;
- (9) A decrease of approximately RMB316,702,000 in contract assets and contract cost, mainly due to the completion and settlement of construction contracts services.

Current Assets and Current Liabilities

As at 31 December 2019, the current assets of the Group amounted to RMB8,910,194,000 representing an increase of 14.56% as compared with the end of 2018, mainly attributable to:

- (1) A decrease of RMB705,716,000 in the balance of cash and cash equivalents as compared with the end of 2018, mainly due to the decrease in new loans and increase of loan repayment for the year;
- (2) An increase of approximately RMB308,311,000 in loan to customers due within one year compared with the end of 2018, mainly due to the increase in financial leasing funds receivable (recovery by instalment);
- (3) Trade and other receivables increased by RMB1,134,610,000 as compared to the end of 2018, mainly due to an increase in trade receivables (including bills receivable), other receivables and prepayment of RMB928,582,000, RMB178,402,000 and RMB27,626,000 respectively;
- (4) An increase of approximately RMB399,065,000 in property under development as compared with the end of 2018, mainly due to an increase of development costs;
- (5) An increase of approximately RMB38,078,000 in inventories as compared with the end of 2018;
- (6) A decrease of RMB1,258,000 in pledged time deposits as compared with the end of 2018;
- (7) An increase of RMB73,933,000 in financial assets designated at fair value through current loss and profit as compared with the end of 2018.

As at 31 December 2019, the Group's current liabilities amounted to RMB7,395,309,000, representing an increase of 40.14% as compared with the end of 2018, mainly attributable to an increase of RMB237,535,000 in trade and other payables, an increase of RMB512,805,000 in contract liabilities; a decrease of RMB4,399,000 in shareholders dividend payable; an increase of approximately RMB4,904,000 in tax payable; an increase of approximately RMB1,367,283,000 in interest-bearing bank and other loans and non-current liabilities due within one year, mainly due to the repayment of approximately RMB2,028,554,000 of short-term borrowings and long-term borrowings due within one year during the year; approximately RMB500,000,000 of new current loans, an increase in the reclassification of approximately RMB3,298,077,000 of interest-bearing bank and other loans reclassified as due within one year and transfer-out of the bonds and other loans previously reclassified as due within one year in an amount of RMB290,000,000 and RMB112,240,000 according to their due time.

Non-current Liabilities

As at 31 December 2019, the non-current liabilities of the Group amounted to RMB14,311,297,000, representing a decrease of 9.84% as compared with the end of 2018, which was principally attributable to a decrease of approximately RMB2,072,537,000 in bank and other interest-bearing loans as compared with that of the end of last year. In particular, the increase in bank and other interest-bearing loans amounted to approximately RMB1,623,300,000, and the amount reclassified as current liabilities amounted to approximately RMB3,298,077,000 during the year, the early repayment of part of long-term borrowings amounted to RMB800,000,000 and the transfer-out of the bonds and other loans previously reclassified as due within one year amounted to RMB290,000,000 and RMB112,240,000, respectively, according to their due time; The contract liabilities for the year amounted to approximately RMB521,469,000, representing an increase as compared with the same period last year, which was mainly due to the fact that the advances received in real estate projects increased.

Equity

As at 31 December 2019, the Group's equity amounted to RMB16,153,968,000 representing an increase of 8.53% as compared with the end of 2018, mainly attributable to: (1) profit of RMB1,133,289,000 for the year, which increased the equity; (2) an increase in equity of RMB6,552,000 due to the adjustment to the fair value of financial assets as a result of presenting changes in other comprehensive income; (3) the final dividend of 2019 declared in the year amounting to RMB305,806,000, which decreased the equity; (4) payment of dividends of RMB54,669,000 to non-controlling shareholders, which decreased the equity; and (5) consolidation of subsidiaries, which increased the carrying value of non-controlling interests of RMB409,203,000.

Capital Structure

As at 31 December 2019, the Group had total assets of RMB37,860,574,000 and total liabilities of RMB21,706,606,000. The gearing ratio, which was calculated as the Group's total liabilities divided by its total assets, was 57.33% (31 December 2018: 58.69%).

Cash Flow

As at 31 December 2019, the cash and bank balances of the Group amounted to RMB2,951,704,000, representing a decrease of approximately RMB705,716,000 as compared with the end of 2018. It comprised approximately HKD155,000 (equivalent to approximately RMB132,000) deposits in Hong Kong dollars, and RMB2,951,572,000 cash and deposits in Renminbi.

During the year, net cash inflow from operating activities of the Group amounted to RMB607,204,000 (2018: net cash inflow of RMB1,939,479,000), representing a decrease of RMB1,332,275,000 in cash inflows compared with the same period last year, which was mainly because: profit before tax increased by RMB257,627,000 as compared with the same period last year; the new service concession arrangements resulted in an increase of RMB660,204,000 in cash outflows for the year as compared with the same period last year; the increase in properties under development resulted in an increase of RMB229,712,000 in cash outflows for the year as compared with the same period last year; the decrease in the properties held for sale resulted in a decrease of RMB68,718,000 in cash inflows compared with the same period last year; the payment of mortgage security resulted in an increase in cash outflows of RMB29,102,000; cash outflows from loans to customers increased by RMB478,464,000 compared with the same period last year; the increase in trade receivables and other receivables resulted in an increase of RMB1,545,119,000 in net cash outflow for the year compared with the same period last year; the decrease in contract assets and contract costs resulted in a decrease of RMB876,844,000 in the cash outflows for the year compared with the same period last year; the increase in contract liabilities resulted in an increase of RMB630,409,000 in the net cash inflows for the year compared with the same period last year; the increase in trade payables and other payables resulted in an increase of RMB114,293,000 in cash inflows for the year compared with the same period last year.

Net cash inflow used in investing activities of the Group amounted to RMB689,180,000 (2018: net outflow of RMB536,992,000), with an increase in net cash inflow of RMB1,226,172,000 compared with the same period last year. It was mainly due to the increase of RMB249,542,000 in cash outflow for the purchase of fixed assets as compared with last year caused by the increase in new work projects related to the removal of inter-provincial toll stations during the year; the presentation of the cash and bank balances of Intermodal Transportation Company in an amount of RMB943,534,000 as cash received from investing activities on the

date of consolidation as a result of the changes in the consolidation scope during the year; the recovery of investment costs of RMB150,000,000 and investment income of RMB36,040,000 due to the termination of the water project of Chengyu Development Fund; the cash expenditure on the investment in associates and joint ventures during the year amounted to RMB140,642,000, representing a decrease of RMB369,358,000 as compared with the expenditure on similar equity investment in the same period last year, mainly attributable to the increase of RMB71,050,000 in investment in CCI International Supply Chain Management Co., Ltd.* (成都交投國際供應鏈管理有限公司), RMB66,750,000 in investment in Chengyu Development Fund, RMB2,842,000 in investment in China Transport Telecommunication Network Technology Co., Ltd. (中交通信網絡科技有限公司); the Company participated in the placement of 11,839,000 shares by A-share IPO strategic investor of China Railway Signal & Communication Corporation Limited* with a distribution cost of RMB 69,258,000, increase in shareholding in China Everbright Bank by acquisition of 10,271,703 shares from the secondary market at a cost of RMB39,802,000 during the year (the equity investment in the last year amounted to RMB585,000,000, which was mainly due to contribution to establish Multimodal United Transportation Company and the capital increase in Sichuan Trading Construction Engineering Co., Ltd.); the receipt of dividend income of RMB6,621,000 during the year of holding financial assets at fair value through other comprehensive income during the year; the decrease in pledged time deposits resulted in a decrease of RMB8,378,000 in cash inflows compared with the same period last year.

Net cash outflow used in financing activities was RMB2,002,100,000 (2018: net cash outflow of RMB464,320,000), representing an increase in net cash outflow of RMB1,537,780,000 as compared with the same period last year, which was mainly due to a decrease of RMB1,277,142,000 in cash inflow from new bank loans and other loans as compared with the same period last year; an increase of RMB309,959,000 in cash outflow from repayment of bank loans, medium term notes and other loans and payment of lease principal as compared with the same period last year; an increase of RMB10,485,000 in cash outflow from dividend paid to the owners of the Company compared with the same period last year; a decrease of RMB6,814,000 in cash outflow from dividend paid to non-controlling shareholders as compared with the same period last year, a decrease of RMB77,596,000 in cash outflow from interest paid compared with the same period last year.

Exchange Fluctuations Risks

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

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

Borrowings and Solvency

As at 31 December 2019, the Company's bank and other interest-bearing borrowings amounted to RMB16,851,939,000, all of which bore fixed interest rates. In particular, the balance of domestic bank loans was RMB14,015,993,000, with annual interest rates ranging from 3.65% to 6.40%; the balance of other loans amounted to RMB345,946,000, with annual interest rate ranging from 6.175% to 7.8%; the balance of medium-term notes amounted to RMB1,490,000,000, with coupon interest rates ranging from 3.65% to 6.30% per annum; the balance of corporate bonds amounted to RMB1,000,000,000, with an coupon interest rate of 3.56% per annum. The relevant balances are set out as follows:

	Interest-Bearing Bank and other Loans			
	Total amount	Within 1 year	From 1 year to 5 years	Over 5 years
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loans form domestic banks	14,015,993	2,294,489	4,103,198	7,618,306
Other loans	345,946	47,314	214,975	83,657
Medium-term notes	1,490,000	1,200,000	290,000	
Corporate bonds	1,000,000		1,000,000	
Total (as at 31 December 2019)	<u>16,851,939</u>	<u>3,541,803</u>	<u>5,608,173</u>	<u>7,701,963</u>
Total (as at 31 December 2018)	<u>17,557,193</u>	<u>2,174,520</u>	<u>7,391,018</u>	<u>7,991,655</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 RMB50,829 million from financial institutions available for use in the following one to two years. In addition, in 2010, China CITIC Bank Corporation Limited (Chengdu Branch) as leader and other eight banks carrying on businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan of RMB4,890 million. Such loan is specially used for construction of Chengren Expressway BOT Project. As at 31 December 2019, the balance of the syndicated loan for the project amounted to RMB2,381 million.

In 2013, China Development Bank (Sichuan Branch) as leader and other three banks carrying out businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan of RMB8,330 million. Such loan is specially used for construction of Suiguang-Suixi Expressways BOT Project. As at 31 December 2019, the balance of the syndicated loan for the project amounted to RMB7,910 million.

Pledge of assets

As at 31 December 2019, the Group's time deposits of RMB15,000,000 (31 December 2018: RMB16,258,000) was pledged for the performance guarantee of road construction project; mortgage security of RMB29,024,000 was provided for North Town Times Project (31 December 2018: nil); the concession right to collect toll pertaining to Chengle Expressway with net carrying value of RMB3,689,688,000 (2018: nil) was pledged to secure the syndicated loan amounting to RMB800,000,000 (2018: nil); the concession right to collect toll pertaining to Chengren Expressway with net carrying value of RMB6,639,158,000 (31 December 2018: RMB6,816,504,000) was pledged to secure the syndicated loan amounting to RMB2,381,264,000 (31 December 2018: RMB2,948,398,000); the concession right to collect toll pertaining to Suiguang-Suixi Expressways with net carrying value of RMB11,817,261,000 (31 December 2018: RMB11,967,716,000) was pledged to secure the syndicated loan amounting to RMB7,910,000,000 (31 December 2018: RMB8,110,000,000); loans to customers with net carrying value of RMB863,212,000 (31 December 2018: RMB253,123,000) were used for the pledge of bank loans amounting to RMB659,729,000 (31 December 2018: RMB220,295,000); and the land use right with a total carrying value of RMB859,600,000 (31 December 2018: RMB360,500,000) was pledged to secure bank loans amounting to RMB205,000,000 (31 December 2018: RMB100,000,000).

Save as disclosed above, the Group did not have any other contingent liabilities, pledge of assets or guarantees as at 31 December 2019.

BUSINESS DEVELOPMENT PLAN

Based on the analysis and conclusion of the operating conditions of the Company during the Reporting Period, combined with the forecast and judgement of the economic situation, policy environment and development status of the industry and the Company in 2020, we have formulated the following work plan around the overall development plan of the Thirteenth Five-Year Plan and the specific business objectives of 2020:

- (1) Firmly establish the core foundation and consolidate the fundamental position of the expressway businesses. The Group will accelerate the adaption to the adjustment of toll collection mode under the reform of toll expressway system and improve the quality and effectiveness of operated expressway projects so as to continue to improve the quality and standard of its service supply system and strengthen the operation management ability of the principal business. Around expressway road network plan in Sichuan and even around the nation, the Company will increase the investment in the newly-built expressway with obvious location advantage and relatively good prospective returns and will expand the renovation of stock road network resources of the Company. The Company will focus on the expressway businesses and actively implement “go global” strategy of transport main business, carry out asset acquisition of the built high-quality expressway projects inside and outside the province by taking advantage of the

Company's stable cash flow and low-cost financing so as to continue to strengthen the core principal business; in response to the major adjustments to expressway toll models and under the guidance of competent business departments, the Company will enhance the upgrading of technical facilities and the training of skills of management, and continuously improve the modernization standard of toll road operations and management; during the epidemic prevention and control period, based on the overall situation of serving the society and economy for their stable development, the Company will strictly implement various toll-free policies, support enterprises to resume work and production, and help promote social and economic recovery. At the same time, it will actively communicate with the competent authorities and pay close attention to the implementation period of toll-free policies and the supporting safeguard measures, highlight cost control with focus on quality and efficiency improvement to effectively ensure the efficient and orderly production and operation, and spare no effort to reduce the impact of toll-free policies on its principal businesses.

- (2) Rely on high-quality road network resource of the principal business and consolidate and strengthen relevant diversified businesses. Based on the focus on its principal businesses, the Group will expand its business scope, consolidate and strengthen the existing industrial layout and pay attention to the implementation of the existing projects so that to improve the return rate and capability against risk of project funds by relying on the advantages, such as traffic flow, logistics, population and cash flow provided by high-quality road network resource. Meantime, it will target the new demand and seek new business opportunities for expanding the investment layout of trend industries and sunrise industries and actively level up the relevant diversified businesses.
- (3) Improve capital operation efficiency and advance the optimization of capital composition. The Company will carry out dynamic and precise solvency analysis and calculation and combined with the fund demand plan of expansion businesses, make overall arrangement for financing solutions and regulate and control fund composition and its proportion comprehensively under the current repayment period and future project period. Additionally, in response to toll free policy during the epidemic prevention and control period, it will make good use of the financial, fiscal, tax and other preferential policies to actively strive for obtaining the low-interest loans from banks, financial interest discount, deferred interest payments, etc., equally take advantage of various financing tools to open up low-cost financing channels, make proper adjustments to its debt level and liability composition and effectively reduce finance costs. Moreover, it will strengthen the fund guarantee for the key projects and combined with the provincial and overseas key projects, closely focus on the interest rate market and foreign exchange market, compare the best in different directions and select the financial mode and channel rationally. It will promote the deep cooperation between banks and companies and project parties, improve the bargaining ability with the financial institutions and accumulate and conclude the financing experiences.

- (4) Comprehensively strengthen budget management and cost control and intensively promote the results of cost reduction. In response to the toll-free policies implemented during the epidemic prevention and control period, all departments within the Company shall make joint efforts to strictly adhere to the target for cost budget control, strengthen the rigid implementation of the overall budget, strictly check the unit price review, design change, contract management and other key matters, and effectively carry out the overall arrangements and structural optimization for costs and expenses of the Company so as to improve the cost-effectiveness, and strive to minimize the impact of the epidemic. Furthermore, it will firmly focus on refined management in construction, maintenance, operation and maintenance, energy consumption and other fields and keep an eye on the entire process of various expenses to search the vulnerable link with waste of resources and low efficiency, grasp details and implement precise strategies, and effectively launch the cost-reduction measures that can optimize the process and system and enhance the effectiveness.
- (5) Innovate system and mechanism reform to strengthen the vitality and competitiveness of the enterprise. The Group will establish a dynamic and competitive talent system to maximize the motivation, initiative and creativity of employees for continuously exploring and improving the long-term incentive mechanism compatible to the development of the Company. In addition, it will strengthen talent training, infuse employees with new ideas of reform and development, new skills in line with the facts and new knowledge of operation management. Moreover, it will uphold the strategy of “strengthening enterprises through talents”, pay high attention to the construction of a core team and the training of reserved personnel for future appointment, and build a management team brave in innovation and adept at learning.

REPURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries repurchased, redeemed or sold any of the Company’s listed securities during the Year.

EMPLOYEES AND THEIR REMUNERATION AND TRAINING

As at 31 December 2019, details of the Group's employees were as follows:

Number of in-service employees of the Company (including its branches)	2,543
Number of in-service employees of major subsidiaries	1,885
Total number of in-service employees	4,428
Number of retired or resigned employees for which the Company (including its branches) and its major subsidiaries are liable to bear costs	Nil

Type of Expertise	Number of people
Production	3,213
Sales	36
Technical	522
Financial	134
Administrative	523
Total	4,428

Type of Education Level	Number of People
Postgraduate	190
University graduate	1,215
Junior college graduate	2,118
Technical secondary school and below	905
Total	4,428

Employees' Remuneration

The total remuneration of the Company's employees is correlated with the operating results of the Company. Employees' salary is determined with reference to position (i.e. the salary changes in accordance with the position of service) and performance. For the year ended 31 December 2019, the employees' salary of the Group totaled approximately RMB513,496,420, of which approximately RMB283,890,890 for the employees of the Company (including its branches).

Employees' Insurance and Welfare

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

Staff training

The Company highly values staff training and provides trainings of various aspects and types to improve the comprehensive quality and business standard of its staff. During the Reporting Period, the Company has organized various centralized and specific trainings such as operating training for technical staff, and continuing education and training for professional technical staff. The attendance of the Company (including its branches) reached 15,921 person-times.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

Sound corporate governance goes beyond merely meeting the regulatory authorities' basic requirements for operating a listed Company. More importantly, it fulfils the Company's internal development needs. The Company is committed to continuously enhancing its corporate governance standard. During the Reporting Period and up to the date of this announcement, the Company has adopted and complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules of the Stock Exchange except for the deviations as shown below.

1. Provision A.6.7 of the Code: Mr. Zhou Liming was unable to attend the extraordinary general meeting of the Company held on 21 February 2019 due to important business engagement; Mr. Tang Yong, Mr. Huang Bin and Mr. Ni Shilin were unable to attend the 2018 AGM of the Company held on 5 June 2019 and the 2019 second extraordinary general meeting of the Company held on 13 November 2019 due to important business engagement; Mr. Wang Shuanming, Mr. Sun Huibi, Mr. Guo Yuanxi and Mr. Yu Haizong were unable to attend the 2019 second extraordinary general meeting of the Company held on 13 November 2019 due to important business engagement.

2. Provision A.2.1 of the Code: On 31 December 2019, Mr. Zhou Liming has resigned from the positions as the Chairman of the Company due to change in work arrangements. On 17 January 2020, the third meeting of the seventh session of the Board of the Company elected Mr. Gan Yongyi as the Chairman of the Company. Since then, Mr. Gan Yongyi performed the roles of Chairman and General Manager of the Company, which resulted in deviation from the requirement that the role of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Gan Yongyi is a senior professional person in road and bridge traffic, and has worked in the Company since 2001. He always follows the deliberation and decision rules of the Board of the Company, understand the overall strategy and management concept of the Company, clearly understand and obey the division of responsibility and authority of the Board and management and is currently a suitable person for the position of Chairman. There is no violation of the Articles of Association of the Company. The Company will identify suitable candidates for the position of general manager as soon as possible and make further announcement(s) in due course.

Audit committee

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

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2019 and is of the view that the Group has complied with all applicable accounting standards and requirements and made adequate disclosure.

COMPLIANCE WITH THE MODEL CODE

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

CLOSURES OF REGISTER OF MEMBERS OF H SHARES

For the purposes of determining the shareholders' entitlement to attend the 2019 AGM and to receive the 2019 final dividend, the H Shares register of members of the Company will be closed during the following periods:

– In respect of attending and voting at the 2019 AGM

Deadline for lodging Transfer documents	4:30 p.m. on 4 May 2020 (Monday)
Closure period of the H Shares register of members	From 5 May 2020 (Tuesday) to 3 June 2020 (Wednesday) (both days inclusive)
Record date	3 June 2020 (Wednesday)
Date of the 2019 AGM	3 June 2020 (Wednesday)

– In respect of the entitlement to 2019 final dividend

Deadline for lodging transfer Documents	4:30 p.m. on 12 June 2020 (Friday)
Closure period of the H Shares register	From 13 June 2020 (Saturday) to 18 June 2020 (Thursday) (both days inclusive)
Dividend Entitlement Date	18 June 2020 (Thursday)

In order to be entitled to attend and vote at the 2019 AGM, and to receive the 2019 final dividend of the Company, H shares shareholders should ensure that all transfer documents, accompanied by the relevant share certificates are lodged with the Company's H Shares Registrar, Hong Kong Registrars Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, before the time above designated for lodging transfer documents.

Shareholders are advised that the Company will make separate announcement on the SSE in respect of details of the arrangements regarding (i) the distribution of 2019 final dividend to the holders of A Shares and (ii) the holders of A Shares for attending the 2019 AGM.

PUBLICATION OF THE ANNUAL REPORT

The Company's annual report for the year ended 31 December 2019 will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

DEFINITIONS

2019 AGM	the 2019 annual general meeting of the Company to be held on 3 June 2020 (Wednesday), notice of which will be published on the Stock Exchange's website and despatched to the Shareholders on 16 April 2020 (Thursday)
A Share(s)	ordinary shares of the Company with a nominal value of RMB1.00 each, which are issued in the PRC, subscribed for in RMB and listed on the SSE
Airport Expressway	Chengdu Airport Expressway
Airport Expressway Company	Chengdu Airport Expressway Company Limited
Articles of Association	the articles of association of the Company, as amended from time to time
associate(s)	has the meaning ascribed thereto under the Listing Rules of the Stock Exchange
associated corporation(s)	has the meaning ascribed thereto under the SFO
Audit Committee	the audit committee under the Board
Board	the board of Directors of the Company
BOT Project	build-operation-transfer project
BT Project	build-transfer project
Chengbei Company	Chengdu Chengbei Exit Expressway Company Limited
Chengbei Exit Expressway	Chengdu Chengbei Exit Expressway
Chengle Company	Sichuan Chengle Expressway Company Limited
Chengle Expressway	Sichuan Chengle (Chengdu-Leshan) Expressway
Chengle Expressway Capacity Expansion Trial Project	Capacity Expansion Trial Project for Qinglongchang to Meishan Section of Chengle Expressway
Chengle Expressway Expansion Construction Project	Capacity Expansion Construction Project for the Chengdu-Leshan Expressway

Chengle Operation Branch	Operation and Management Branch of Sichuan Chengle Expressway Company Limited
Chengren Branch	Sichuan Expressway Company Limited Chengren Branch
Chengren Expressway	Chengdu-Meishan (Renshou) Section of ChengZiLuChi (Chengdu-Zigong-Luzhou-Chishui) Expressway
Chengya Branch	Sichuan Expressway Company Limited Chengya Branch
Chengya Expressway	Sichuan Chengya (Chengdu-Ya'an) Expressway
Chengya Oil Company	Sichuan Chengya Expressway Oil Supply Company Limited
Chengyu Advertising Company	Sichuan Chengyu Expressway Advertising Company Limited
Chengyu Branch	Sichuan Expressway Company Limited Chengyu Branch
Chengyu Development Fund	Sichuan Chengyu Development Equity Investment Fund Centre (Limited Partnership)
Chengyu Education Company	Sichuan Chengyu Education Investment Company Limited
Chengyu Expressway	Chengyu (Chengdu-Chongqing) Expressway (Sichuan Section)
Chengyu Financial Leasing Company	Chengyu Financial Leasing Company Limited
Chengyu Jianxin Fund Company	Chengdu Chengyu Jianxin Equity Investment Fund Management Co., Ltd.
Chengyu Logistics Company	Sichuan Chengyu Logistics Company Limited (四川成渝物流有限公司)
China Merchants Expressway Company	China Merchants Expressway Network and Technology Holdings Co., Ltd (previously known as “China Merchants Huajian Highway Investment Company Limited”), the substantial shareholder of the Company

Commercial Factoring Company	Sichuan Chengyu Commercial Factoring Company Limited (previously known as “ Tianyi United Commercial Factoring (Luzhou) Company Limited ”)
Company	Sichuan Expressway Company Limited
CSI SCE	CSI SCE Investment Holding Limited
Trading Property Company	Sichuan Trading Property Company Limited (四川交投地產有限公司) (previously known as “ Sichuan Trading Landmark Company Limited ”)
CSRC	China Securities Regulatory Commission
Tianqiong Expressway Project	the project of Chengdu Tianfu New Area to Qionglai Expressway
Development Investment Company	Sichuan Development Equity Investment Fund Company Limited
Director(s)	director(s) of the Company
Dividend Entitlement Date	18 June 2020 (Thursday), the date on which the Shareholders whose names appear on the H Shares register of member of the Company shall be entitled to the 2019 final dividend of the Company (if approved by the Shareholders at the 2019 AGM)
Group	the Company and its subsidiaries
H Share(s)	overseas listed shares of the Company with a nominal value of RMB1.00 each, which are issued in Hong Kong, subscribed for in Hong Kong dollars and listed on the main board of Stock Exchange
HK\$	Hong Kong dollar(s), the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Intermodal Transportation Company	Sichuan Multimodal United Transportation Investment and Development Co., Ltd. (四川省多式聯運投資發展有限公司) (previously known as “ Sichuan Tianyi United Investment & Development Co., Ltd. ” (四川省天乙多聯投資發展有限公司))

Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange and/or the Rules Governing the Listing of Securities on the SSE (as the case may be)
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules of the Stock Exchange, which has been adopted by the Company as the code of conduct for securities transactions by the Directors and the Supervisors of the Company
PRC or Mainland China	The People's Republic of China, for the purpose of this results report, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
Renshou Bank	Sichuan Renshou Rural Commercial Bank Co., Ltd.
Renshou Gaotan BT Project	engineering construction projects including Gaotan Water Park, roads in the area of Gaotan Reservoir, landscape engineering of Central Business Avenue, Tianfu Renshou Avenue, underneath channel of Lingzhou Avenue and Renshou Avenue extension
Renshou Shigao BT Project	section II of Shigao Avenue in Renshou Shigao Economic Development Zone, Tianfu New District, Gangtie Avenue, Qingshui Road and Ring Road (including road maintenance project of Artery No. 1), south section of Zhanhua Road (including the business street and Quanlong River levee project) and Logistics Avenue (including storm sewage pipe network project of Huahai Avenue) and other engineering construction projects
Renshou Landmark Company	Renshou Trading Landmark Company Limited
Renshou Shunan Company	Renshou Shunan Investment Management Company Limited
RMB	Renminbi, the lawful currency of the PRC
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	A Share(s) and/or H Share(s) (as the case may be)
Shareholder(s)	holder(s) of Shares

Shuhai Company	Chengdu Shuhai Investment Management Company Limited
Shuhong Company	Chengdu Shuhong Property Company Limited
Shunan Chengxing Company	Ziyang Shunan Chengxing Project Construction & Management Co., Ltd.
Shunan Company	Sichuan Shunan Investment Management Company Limited
Shurui Company	Sichuan Shurui Construction Engineering Co., Ltd. (cancelled)
Shuxia Company	Sichuan Shuxia Industrial Company Limited
Sichuan Expressway Construction and Development	Sichuan Expressway Construction & Development Group Co., Ltd. (formerly known as “ Sichuan Speedway Construction Development General Company ”), a subsidiary of STIG
SSE	Shanghai Stock Exchange
STIG	Sichuan Transportation Investment Group Corporation Limited, the controlling shareholder of the Company
STIG Group	STIG and its subsidiaries
Stock Exchange	The Stock Exchange of Hong Kong Limited
Suiguang Expressway	Sichuan Suiguang (Suining-Guang’an) Expressway
Suiguang-Suixi Company	Sichuan Suiguang-Suixi Expressway Company Limited
Suiguang-Suixi Expressways BOT Project	the project on Suiguang Expressway and Suixi Expressway in the form of BOT (build-operate-transfer)
Suixi Expressway	Sichuan Suixi (Suining-Xichong) Expressway
Supervisor(s)	supervisor(s) of the Company
Supervisory Committee	supervisory committee of the Company

Trading Construction Company	Sichuan Trading Construction Engineering Co., Ltd. (formerly known as “ Sichuan Shugong Expressway Engineering Company Limited ”)
Zhongxin Company	Sichuan Zhongxin Assets Management Co., Ltd.
Year or Reporting Period	the 12 months ended 31 December 2019
Zhonglu Energy Company	Sichuan Zhonglu Energy Company Limited

By Order of the Board
Sichuan Expressway Company Limited*
Gan Yongyi
Chairman

Chengdu, Sichuan Province, the PRC
30 March 2020

As at the date of this announcement, the Board comprises Mr. Gan Yongyi (Chairman), Mr. Luo Maoquan and He Zhuqing as executive Directors, Mr. Ni Shilin (Vice Chairman), Mr. You Zhiming, Mr. Li Wenhui and Mr. Li Chengyong as non-executive Directors, Madam Liu Lina, Mr. Gao Jinkang, Mr. Yan Qixiang and Madam Bu Danlu as independent non-executive Directors.

* For identification purposes only