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

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

(Stock Code: 00107)

2020 INTERIM RESULTS ANNOUNCEMENT

The Board of the Company is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2020, together with the comparative figures for the corresponding period in 2019 as follows (the data herein are presented in RMB except where otherwise indicated).

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

For the six months ended 30 June 2020

		For the six months ended	
		30 June	
	<i>Notes</i>	2020	2019
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
REVENUE	4	2,339,595	3,327,239
Cost of sales		<u>(2,053,240)</u>	<u>(1,884,063)</u>
Gross profit		286,355	1,443,176
Other income and gains	4	100,562	132,141
Administrative expenses		(144,554)	(131,184)
Other expenses		(12,398)	(14,449)
Finance costs	5	(328,129)	(369,802)
Share of profits and losses of:			
Joint ventures		4,553	115
Associates		<u>3,641</u>	<u>12,416</u>
PROFIT/(LOSS) BEFORE TAX	6	(89,970)	1,072,413
Income tax expense	7	<u>(46,191)</u>	<u>(198,163)</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>(136,161)</u>	<u>874,250</u>
Attributable to:			
Owners of the Company		(164,758)	832,876
Non-controlling interests		<u>28,597</u>	<u>41,374</u>
		<u>(136,161)</u>	<u>874,250</u>

		For the six months ended	
		30 June	
	<i>Notes</i>	2020	2019
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE INCOME/ (LOSS)			
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		(80,941)	4,378
Income tax effect		13,484	(655)
		<u>(67,457)</u>	<u>3,723</u>
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD, NET OF TAX			
		<u>(203,618)</u>	<u>877,973</u>
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD			
Attributable to:			
Owners of the Company		(231,963)	836,184
Non-controlling interests		28,345	41,789
		<u>(203,618)</u>	<u>877,973</u>
EARNINGS/(LOSSES) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
- Basic and diluted	8	<u>RMB(0.054)</u>	<u>RMB0.272</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	<i>Notes</i>	30 June 2020 <i>RMB'000</i> (Unaudited)	31 December 2019 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	9	730,925	760,079
Right-of-use assets	9	433,950	458,490
Service concession arrangements	9	25,685,345	25,423,037
Investments in joint ventures	10	135,738	135,374
Investments in associates	11	303,422	318,427
Equity investments designated at fair value through other comprehensive income	12	291,848	372,789
Loans to customers		1,318,417	1,180,772
Long term compensation receivables		14,353	24,010
Payments in advance		73,515	49,360
Contract assets		10,000	10,000
Contract costs		5,296	17,480
Deferred tax assets		17,081	157
Interests in land held for property development		156,303	156,303
Restricted deposits		34,699	29,102
Pledged deposits		–	15,000
Total non-current assets		<u>29,210,892</u>	<u>28,950,380</u>

	<i>Notes</i>	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000
CURRENT ASSETS			
Properties under development	13	2,268,242	2,019,493
Completed properties held for sale	13	152,188	154,350
Inventories		40,408	63,841
Loans to customers		984,749	935,463
Trade and other receivables	14	2,786,658	2,681,172
Contract assets		21,000	21,000
Contract costs		25,142	9,238
Financial assets at fair value through profit or loss		76,879	73,933
Pledged deposits		15,000	–
Cash and cash equivalents		2,905,316	2,951,704
Total current assets		<u>9,275,582</u>	<u>8,910,194</u>
CURRENT LIABILITIES			
Tax payable		40,870	70,823
Trade and other payables	15	2,867,019	3,229,995
Contract liabilities		1,404,886	542,203
Dividend payables		108,970	10,485
Interest-bearing bank and other borrowings	16	5,603,060	3,541,803
Total current liabilities		<u>10,024,805</u>	<u>7,395,309</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>(749,223)</u>	<u>1,514,885</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>28,461,669</u>	<u>30,465,265</u>

	<i>Notes</i>	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	16	12,291,090	13,310,136
Deferred tax liabilities		4,930	9,088
Contract liabilities		456,277	895,936
Deferred income		89,585	96,137
		<hr/>	<hr/>
Total non-current liabilities		12,841,882	14,311,297
		<hr/> <hr/>	<hr/> <hr/>
Net assets		15,619,787	16,153,968
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		3,058,060	3,058,060
Reserves		11,651,488	12,219,838
		<hr/>	<hr/>
Non-controlling interests		14,709,548	15,277,898
		910,239	876,070
		<hr/>	<hr/>
Total equity		15,619,787	16,153,968
		<hr/> <hr/>	<hr/> <hr/>

1. CORPORATE INFORMATION

The Company is a limited liability company established in the People's Republic of China ("PRC"). The registered office of the Company is located at 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC.

During the six months ended 30 June 2020 (the "Period"), the Group was involved in the following principal activities:

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

In the opinion of the directors, STIG is the parent and the ultimate holding company of the Company, which is established in the PRC.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the Period has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2019.

Going concern basis

During the Period, the Group incurred a consolidated net loss of RMB164,758,000 (six months ended 30 June 2019: consolidated net profit of RMB832,876,000), and the Group had net current liabilities of RMB749,223,000 as at 30 June 2020. It was primarily due to the policy of toll fees waive to all vehicles passing through toll roads from 17 February 2020 to 6 May 2020 promulgated by Ministry of Transport of the PRC.

In view of these circumstances, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. As at 30 June 2020, based on the arrangements entered into with the licensed banks in Mainland China, the Group's undrawn long-term banking facilities amounted to RMB7,850,000,000. Having considered the cash flows from operations and its available resource of finance, the directors are of the opinion the Group is able to meet in full its financial obligations as they fall due for the foreseeable future and it is appropriate to prepare the interim condensed consolidated financial information on a going concern basis.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions (early adopted)</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and impact of the new and revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair

value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the Period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.
- (c) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic during the Period ended 30 June 2020. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any material rent concessions granted by the lessors.

- (d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

For the six months ended 30 June 2020

	Toll roads and bridges <i>RMB'000</i> (Unaudited)	City operation <i>RMB'000</i> (Unaudited)	Financial investment <i>RMB'000</i> (Unaudited)	Energy investment <i>RMB'000</i> (Unaudited)	Tourism, culture and education <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
SEGMENT REVENUE <i>(note 4)</i>	885,592	661,181	93,362	699,460	-	2,339,595
SEGMENT RESULTS	(156,822)	4,577	47,800	72,266	(35)	(32,214)
<i>Reconciliation:</i>						
Unallocated income and gains						69,158
Corporate and other unallocated expenses						<u>(126,914)</u>
Loss before tax						<u><u>(89,970)</u></u>

For the six months ended 30 June 2019

	Toll roads and bridges <i>RMB'000</i> (Unaudited)	City operation <i>RMB'000</i> (Unaudited)	Financial investment <i>RMB'000</i> (Unaudited)	Energy investment <i>RMB'000</i> (Unaudited)	Tourism, culture and education <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
SEGMENT REVENUE	2,022,866	420,795	61,096	822,482	-	3,327,239
SEGMENT RESULTS	943,243	70,434	32,464	83,073	(3)	1,129,211
<i>Reconciliation:</i>						
Unallocated income and gains						55,794
Corporate and other unallocated expenses						<u>(112,592)</u>
Profit before tax						<u><u>1,072,413</u></u>

The following table presents the information of assets and liabilities for the Group's operating segments as at 30 June 2020 and 31 December 2019, respectively.

30 June 2020

	Toll roads and bridges <i>RMB'000</i> (Unaudited)	City operation <i>RMB'000</i> (Unaudited)	Financial investment <i>RMB'000</i> (Unaudited)	Energy investment <i>RMB'000</i> (Unaudited)	Transportation, tourism, culture and education <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
SEGMENT ASSETS	27,117,722	5,002,272	2,807,310	211,451	6,896	35,145,651
<i>Reconciliation:</i>						
Equity investments designated at fair value through other comprehensive income						291,848
Financial assets at fair value through profit or loss						76,879
Deferred tax assets						17,081
Pledged deposits						15,000
Restricted deposits						34,699
Cash and cash equivalents						<u>2,905,316</u>
Total assets						<u><u>38,486,474</u></u>
SEGMENT LIABILITIES	17,482,653	3,665,818	1,559,913	47,975	1,358	22,757,717
<i>Reconciliation:</i>						
Dividend payables						<u>108,970</u>
Total liabilities						<u><u>22,866,687</u></u>

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 ASSETS	26,755,466	4,850,451	2,562,356	242,362	7,254	34,417,889
<i>Reconciliation:</i>						
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><u>37,860,574</u></u>
SEGMENT LIABILITIES	16,892,562	3,380,983	1,372,064	48,344	2,168	21,696,121
<i>Reconciliation:</i>						
Dividend payables						<u>10,485</u>
Total liabilities						<u><u>21,706,606</u></u>

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended	
	30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	2,241,392	3,247,140
Revenue from other sources		
Finance lease	83,117	60,534
Commercial factoring	10,245	562
Gross rental income from operating leases: other lease payments, including fixed payments	4,841	19,003
	98,203	80,099
	2,339,595	3,327,239

For the six months ended 30 June 2020

Segments	Toll roads	City	Financial	Energy	Transportation,	Total
	and bridges	operation	investment	investment	culture and	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Types of goods or services						
Toll income	885,592	-	-	-	-	885,592
Construction services	-	620,812	-	-	-	620,812
Sale of industrial products	-	8,283	-	699,460	-	707,743
Property development	-	3,922	-	-	-	3,922
Others	-	23,323	-	-	-	23,323
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenue from contracts with customers	<u>885,592</u>	<u>656,340</u>	<u>-</u>	<u>699,460</u>	<u>-</u>	<u>2,241,392</u>
Geographical markets						
All revenues under HKFRS 15 are generated in Mainland China.						
Timing of revenue recognition						
Goods transferred at a point in time	885,592	35,528	-	699,460	-	1,620,580
Services transferred over time	-	620,812	-	-	-	620,812
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenue from contracts with customers	<u>885,592</u>	<u>656,340</u>	<u>-</u>	<u>699,460</u>	<u>-</u>	<u>2,241,392</u>

For the six months ended 30 June 2019

Segments	Toll roads and bridges	City operation	Financial investment	Energy investment	Transportation, tourism, culture and education	Total
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
Types of goods or services						
Toll income	2,022,866	–	–	–	–	2,022,866
Construction services	–	343,421	–	–	–	343,421
Sale of industrial products	–	28,473	–	822,482	–	850,955
Property development	–	–	–	–	–	–
Others	–	29,898	–	–	–	29,898
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenue from contracts with customers	<u>2,022,866</u>	<u>401,792</u>	<u>–</u>	<u>822,482</u>	<u>–</u>	<u>3,247,140</u>
Geographical markets						
All revenues under HKFRS 15 are generated in Mainland China.						
Timing of revenue recognition						
Goods transferred at a point in time	2,022,866	58,371	–	822,482	–	2,903,719
Services transferred over time	–	343,421	–	–	–	343,421
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenue from contracts with customers	<u>2,022,866</u>	<u>401,792</u>	<u>–</u>	<u>822,482</u>	<u>–</u>	<u>3,247,140</u>

An analysis of other income and gains is as follows:

	For the six months ended	
	30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Other income and gains		
Interest income from bank deposits	21,465	24,243
Interest income from discounting long-term compensation receivables	4,266	5,244
Interest income from financial assets arising from construction contracts	27,138	71,103
Government grants*	6,652	4,424
Road damage compensation income	22,172	16,078
Dividend income from equity investments designated at fair value through other comprehensive income	7,290	6,621
Dividend income from financial assets at fair value through profit or loss	2,380	–
Fair value gains on financial assets at fair value through profit or loss	2,956	–
Miscellaneous	6,243	4,428
	<hr/>	<hr/>
Total other income and gains	100,562	132,141
	<hr/> <hr/>	<hr/> <hr/>

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

5. FINANCE COSTS

	For the six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on bank and other loans	353,949	372,063
Interest on medium term notes	48,330	44,071
Interest on lease liabilities	4,097	3,727
	<u>406,376</u>	<u>419,861</u>
Less:		
Interest capitalised in respect of:		
– Service concession arrangements (<i>note 9(c)</i>)	(30,222)	(11,030)
– Properties under development (<i>note 13</i>)	(6,412)	(11,463)
Interest recorded under cost of sales and other operating costs	(41,613)	(27,566)
	<u>328,129</u>	<u>369,802</u>
Interest rate of borrowing costs capitalised	<u>4.41% – 7.8%</u>	<u>4.35% – 6.18%</u>

6. PROFIT/(LOSS) BEFORE TAX

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

	Notes	For the six months ended	
		2020	2019
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Construction costs in respect of:			
– Service concession arrangements*		616,736	323,207
– Construction works performed for third parties*		3,962	16,250
Cost of sales of refined oil and petrochemical products		602,902	737,133
Cost of properties sold		2,162	–
Cost of finance lease operation		41,613	27,566
Depreciation of property, plant and equipment	9	45,677	35,568
Amortisation of service concession arrangements	9	384,650	371,097
Depreciation of right-of-use assets	9	29,313	27,454
Employee benefit expenses		361,855	298,825
Repairs and maintenance		39,515	97,527
Auditor's remuneration		460	460
Impairment loss on trade receivables		5,180	–
Reversal of provision for impairment of other receivables		(327)	–
Lease payments not included in the measurement of lease liabilities		913	4,141
Loss on disposal of items of property, plant and equipment		1,606	72

* During the Period, employee costs of RMB14,827,000 (six months ended 30 June 2019: RMB14,105,000) and depreciation charge of RMB997,000 (six months ended 30 June 2019: RMB577,000) were included in the construction costs.

7. INCOME TAX

The major components of income tax expense are as follows:

	For the six months ended	
	30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charged for the Period	52,610	199,390
Underprovision/(overprovision) in prior years	1,179	(2,118)
Deferred	(7,598)	891
	<hr/>	<hr/>
Total tax charge for the Period	<u>46,191</u>	<u>198,163</u>

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

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

Pursuant to the Circular on Issues 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) (“Circular”), 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”) approved by the State Council, and shall be implemented as of 1 October 2014 and Revised Catalogue of Encouraged Industries in the Western Region approved by the State Council, and shall be implemented as of 28 July 2017, the income from which accounts for more than 70% of the total income of such enterprises.”

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

For entities within the scope of the transportation industry, i.e., the Company, Sichuan Chengle Expressway Company Limited, Chengdu Chengbei Exit Expressway Company Limited and Chengdu Airport Expressway Company Limited, 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 Period continued to be calculated at a tax rate of 15%.

The share of tax attributable to joint ventures and associates amounting to RMB2,235,000 (six months ended 30 June 2019: RMB3,198,000) is included in “Share of profits and losses of joint ventures and associates” on the face of the interim condensed consolidated statement of profit or loss and other comprehensive income.

8. EARNINGS/(LOSSES) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings/(losses) per share is based on the loss for the Period attributable to equity holders of the Company of RMB164,758,000 (profit for the Period of six months ended 30 June 2019: RMB832,876,000) and the number of ordinary shares of 3,058,060,000 (six months ended 30 June 2019: 3,058,060,000) in issue during the Period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2020 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the loss per share amounts presented.

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

Movements in property, plant and equipment, right-of-use assets and service concession arrangements during the Period were as follows:

	Property, plant and equipment <i>RMB'000</i> (Unaudited)	Right-of-use assets <i>RMB'000</i> (Unaudited)	Service concession arrangements <i>RMB'000</i> (Unaudited)
Carrying amounts at opening of the Period	760,079	458,490	25,423,037
Additions	22,110	4,773	646,958
Disposals	(5,587)	–	–
Depreciation/amortisation charged for the Period	<u>(45,677)</u>	<u>(29,313)</u>	<u>(384,650)</u>
Carrying amounts at end of the Period	<u><u>730,925</u></u>	<u><u>433,950</u></u>	<u><u>25,685,345</u></u>

Notes:

- (a) At 30 June 2020 and 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 16 (a)):

	30 June 2020 <i>RMB'000</i> (Unaudited)	31 December 2019 <i>RMB'000</i>
Chengle Expressway	4,300,490	3,689,688
Chengren Expressway	6,553,236	6,639,158
Suiguang-Suixi Expressways	<u>11,739,866</u>	<u>11,817,261</u>
	<u><u>22,593,592</u></u>	<u><u>22,146,107</u></u>

- (b) During the Period, the Group was undertaking the Chengle Expressway Expansion Construction Project and Tianqiong Expressway BOT Project. Total cost of RMB646,958,000 (six months ended 30 June 2019: RMB334,237,000), including construction costs of RMB616,736,000 and borrowing costs of RMB30,222,000 were incurred, among which RMB616,736,000 (six months ended 30 June 2019: RMB323,207,000) was sub-contracted to third party subcontractors.

In addition, construction revenue of RMB616,736,000 (six months ended 30 June 2019: RMB323,207,000) was recognised in respect of the construction service provided by the Group for the Chengle Expressway Expansion Construction Project and Tianqiong Expressway BOT Project by using the input method during the Period. Construction revenue was included in the additions to service concession arrangements which should be amortised upon the completion of these projects and commencement of operation.

- (c) Additions to service concession arrangements during the Period include interest capitalised in respect of bank loans amounting to RMB30,222,000 (six months ended 30 June 2019: RMB11,030,000) (note 5).

10. INVESTMENTS IN JOINT VENTURES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000
Share of net assets	<u>135,738</u>	<u>135,374</u>

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

Name	Percentage of ownership interest attributable to the Group	Principal activities
Sichuan Zhongxin Assets Management Company Limited	50% (indirect)	Asset management
Sichuan Chengyu Development Equity Investment Fund Center	50% (direct)	Asset management
Chengdu Chengyujianxin Equity Investment Fund Management Company Limited	50% (direct)	Asset management
Sichuan Communications Network Technology Company Limited	49% (indirect)	Technology service

11. INVESTMENTS IN ASSOCIATES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000
Share of net assets	312,585	327,590
Provision for impairment	(9,163)	(9,163)
	<u>303,422</u>	<u>318,427</u>

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

Name	Percentage of ownership interest attributable to the Group	Principal activities
Airport Expressway Company	25%	Operation of Chengdu Airport Expressway
Renshou Bank	9.997%	Banking operations

The Group's shareholdings in Airport Expressway Company are held by the Company, and the shareholdings in Renshou Bank are indirectly held by the Company.

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

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000
Listed equity investments, at fair value	96,538	118,919
Unlisted equity investments, at fair value	195,310	253,870
	<u>291,848</u>	<u>372,789</u>

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

13. PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

	30 June 2020	31 December 2019
	RMB'000	RMB'000
	(Unaudited)	
Properties under development		
Land costs	1,389,645	1,389,645
Development costs	878,597	629,848
	<u>2,268,242</u>	<u>2,019,493</u>
Completed properties held for sale		
Carrying amount at 1 January	154,350	176,002
Impairment	–	(1,527)
Transfer to cost of properties sold	(2,162)	(20,125)
	<u>152,188</u>	<u>154,350</u>

The Group's properties under development and completed properties held for sale are situated on leasehold land in Mainland China. As at 30 June 2020, properties under development were expected to be completed or realised within normal operating cycle. Land use right of properties under development of RMB499,100,000 (31 December 2019: RMB859,600,000) was pledged to secure bank loan granted by Bank of Chengdu (note 16 (a)). Interest expenses on bank loans and interest expense arising from revenue contracts capitalised as part of properties under development by the Group during the Period was RMB6,412,000 (note 5) and RMB35,467,000, respectively (six months ended 30 June 2019: RMB11,463,000 and RMB27,566,000).

14. TRADE AND OTHER RECEIVABLES

		30 June 2020	31 December 2019
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	
Trade receivables			
Trade receivables		2,101,036	2,188,404
Impairment		(5,180)	–
		<hr/>	<hr/>
Trade receivables, net	(a)	2,095,856	2,188,404
Bill receivables		57,846	25,823
Other receivables			
Deposits and other receivables	(b)	673,158	488,847
Impairment		(108,524)	(108,851)
		<hr/>	<hr/>
		564,634	379,996
Prepayments		68,322	86,949
		<hr/>	<hr/>
Other receivables, net		632,956	466,945
		<hr/>	<hr/>
Total trade and other receivables		<u>2,786,658</u>	<u>2,681,172</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 term of commercial factoring contracts ranged from four months to one year since the effective date of the relevant factoring contracts. The Group's credit terms of trade receivables arising from commercial factoring are generally on 30-day basis.

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 individual construction contract customers is considered on a case-by-case basis and is set out in the construction contracts, as appropriate.

According to the contracts governing the relevant construction works, trade receivables of RMB976,813,000(31 December 2019: RMB1,054,108,000) were to be settled by instalments within two to seven years upon completion of the relevant construction works and bore interest at rates ranging from 4.75% to 14.98% (2019: 4.75% to 14.98%) per annum. The remaining trade receivables are non-interest-bearing.

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date and process billing date, is as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000
Within 3 months	82,370	1,065,895
3 to 6 months	119,672	37,455
6 to 12 months	181,355	125,115
Over 1 year	1,712,459	959,939
	<u>2,095,856</u>	<u>2,188,404</u>

- (b) The Group's deposits and other receivables as at the end of the reporting period are analysed as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000
Interest receivables	8,774	18,714
Long term compensation receivables to be received within one year	9,657	8,478
Toll income receivables	169,055	30,845
Deductible input value added tax	176,097	138,977
Deposits	13,567	13,217
Miscellaneous	296,008	278,616
	673,158	488,847
Impairment allowance	(108,524)	(108,851)
	<u>564,634</u>	<u>379,996</u>

15. TRADE AND OTHER PAYABLES

		30 June 2020	31 December 2019
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	
<i>Current portion:</i>			
Trade and bill payables	(a)	1,928,006	2,377,444
Other payables	(b)	692,490	760,061
Accruals		213,175	59,142
Deferred income		33,348	33,348
		<u>2,867,019</u>	<u>3,229,995</u>

Notes:

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

	30 June 2020	31 December 2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	
Within 3 months	603,471	656,707
3 to 6 months	63,757	5,230
6 to 12 months	30,325	–
Over 1 year	1,230,453	1,715,507
	<u>1,928,006</u>	<u>2,377,444</u>

The trade payables are non-interest-bearing. Except for retention money payables arising from construction services which are normally settled in the range from six months to two years, which is agreed with each individual supplier or contractor on a case-by-case basis and set out in the respective contracts.

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

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000
Advances	34,094	30,666
Inter-network toll collection	58,877	54,324
Payroll and welfare payable	134,276	233,844
Taxes and surcharge payables	44,235	28,753
Performance guarantee deposits	190,457	180,547
Others	230,551	231,927
	<u>692,490</u>	<u>760,061</u>

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

	<i>Notes</i>	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000
Bank loans:			
Secured	(a)	12,443,520	11,955,993
Unsecured		2,560,000	2,060,000
Medium term notes	(b)	2,490,000	2,490,000
Other borrowings			
Secured	(a)	83,634	–
Unsecured	(c)	165,616	176,475
Lease liabilities		151,380	169,471
		<u>17,894,150</u>	<u>16,851,939</u>
Portion classified as current liabilities		<u>(5,603,060)</u>	<u>(3,541,803)</u>
Non-current portion		<u>12,291,090</u>	<u>13,310,136</u>

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

Notes:

(a) Interest-bearing bank and other borrowings were secured by:

	<i>Notes</i>	30 June 2020 RMB'000 (Unaudited) (Bank loans amount)	31 December 2019 RMB'000
Secured by concession rights of:	9(a)		
Chengle Expressway		1,400,000	800,000
Chengren Expressway		2,381,264	2,381,264
Suiguang-Suixi Expressways		7,760,000	7,910,000
		<u>11,541,264</u>	<u>11,091,264</u>
Secured by loans to customers		853,890	659,729
Secured by land use rights		132,000	205,000
		<u>12,527,154</u>	<u>11,955,993</u>

(b) As at 30 June 2020, the Company had three (31 December 2019: three) tranches of outstanding medium term notes totalling RMB2,490,000,000 (31 December 2019: RMB2,490,000,000) issued to domestic institutional investors participating in the PRC interbank debt market. The interest rates for the medium term notes ranged from 3.48% to 6.30% (31 December 2019: 3.48% 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) As at 30 June 2020, the Group's unsecured other borrowings consisted of shareholder's loan of RMB112,240,000 (31 December 2019: RMB112,240,000) granted to a subsidiary within the Group by its non-controlling shareholder, bearing interest at annual interest rate of 7.80% (31 December 2019: 7.80%), and a loan of RMB53,376,000 (31 December 2019: 64,235,000) granted by an independent party, bearing interest at annual interest rate of 6.175% (31 December 2019: 6.175%).

17. DIVIDENDS

At a meeting of the board of directors held on 27 August 2020, the directors of the Company resolved not to pay an interim dividend to shareholders (six months ended 30 June 2019: Nil).

The proposed final dividend of RMB0.110 per ordinary share for the year ended 31 December 2019 (2018: RMB0.100) was declared during the Period and fully paid on 9 July 2020.

RESULTS

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. In the first half of 2020, due to the impact of the temporary toll free policy resulting from the COVID-19 pandemic, the Group's operating results have been subject to an unprecedented impact. Toll revenue has dropped significantly, and related diversified businesses have also been significantly affected. However, in virtue of wholehearted solidarity of and brave endeavors and accurate implementation of policies by employees at all levels, the Group comprehensively built up budget management and cost control, strived to improve our operation and management, accelerated the construction of key projects, and actively responded to various adverse impact of the pandemic. While strictly implementing the toll-free policy and helping the social and economic recovery, we accelerated the development of the main business back to the normal track to ensure the steady recovery of major performance indicators.

During the Reporting Period, the net revenue of the Group amounted to approximately RMB2,339,595,000, representing a decrease of approximately 29.68% year-on-year, among which the net income from the toll roads and bridges segment amounted to approximately RMB885,592,000, down approximately 56.22% year-on-year; the net revenue from financial investment segment amounted to approximately RMB93,362,000, up approximately 52.81% year-on-year; the net revenue from city operation segment amounted to approximately RMB661,181,000, representing an increase of approximately 57.13% year-on-year; and the net revenue from energy investment segment amounted to approximately RMB699,460,000, representing a decrease of approximately 14.96 % year-on-year. The profit attributable to the owners of the Company was approximately RMB(164,758,000), representing a decrease of 119.78 % year-on-year. Basic earnings per Share was approximately RMB(0.054) (the same period of 2019: approximately RMB0.272). As at 30 June 2020, the Group's total assets amounted to approximately RMB38,486,474,000 and net assets amounted to approximately RMB15,619,787,000.

BUSINESS REVIEW AND ANALYSIS

1. Operating conditions of the toll roads and bridges business of the Group

During the Reporting Period, the operating conditions of all the expressways of the Group were as follows:

Item	Shareholding percentage (%)	Average daily traffic flow (vehicles)			Toll income (before deduction of turnover tax) (RMB'000)		
		For the Period (note 1)	Same period in 2019 (note 2)	Increase/ (decrease) (%)	For the Period	Same period in 2019	Increase/ (decrease) (%)
Chengyu Expressway	100.00	26,858	20,548	30.71	224,854	481,564	-53.31
Chengya Expressway	100.00	50,499	39,549	27.69	221,367	487,766	-54.62
Chengren Expressway	100.00	43,681	40,072	9.01	228,633	498,998	-54.18
Chengle Expressway	100.00	27,653	32,062	-13.75	102,826	307,763	-66.59
Chengbei Exit Expressway (including Qinglongchang Bridge)	60.00	57,550	54,790	5.04	28,741	57,816	-50.29
Suiguang Expressway	100.00	6,256	5,842	7.09	55,033	109,005	-49.51
Suixi Expressway	100.00	2,913	3,401	-14.35	27,786	87,886	-68.38

Note 1: Average daily traffic flow for the Period excludes traffic flow which is toll-free during the epidemic period, shall be measured on a 56-day basis from 6 May 2020 to 30 June 2020.

Note 2: Average daily traffic flow for the corresponding period in 2019 shall be measured on a 61-day basis from 1 May 2019 to 30 June 2019.

During the Reporting Period, the road toll income (before deduction of turnover taxes) of the Group was approximately RMB889,240,000, representing a decrease of approximately 56.21% as compared with the same period last year. The percentage of the toll income (after deduction of turnover taxes) in the Group's operating revenue was approximately 37.85%, representing a decrease of approximately 23.19 percentage points as compared with the same period last year. During the Reporting Period, the following factors constituted combined effects on the overall operating performance of the Group's expressways:

(1) Economic factors

In the first half of 2020, the COVID-19 outbreak has brought a huge impact on the national economic development, and the world economy has fallen into a severe recession. Facing severe challenges, the whole country has coordinated the promotion of pandemic prevention and control and economic and social development. Under the influence of a series of policies, China's

economic operation declined first, then rose, and recovered steadily. In the first half of the year, the gross domestic product (GDP) was RMB45,661.4 billion, representing a year-on-year increase of -1.6%; In the second quarter, the GDP achieved RMB25,011 billion, representing a year-on-year increase of 3.2%¹. Sichuan's economy has turned from a decline to an increase, and the main economic indicators have continued to rise. In the first half of the year, the province achieved a GDP of RMB2,213.027 billion, representing a year-on-year increase of 1.5%². The steady recovery of the economic environment has driven the recovery of regional traffic demand. Since the second quarter, the traffic volume of most of the toll expressways under the Group has increased to varying degrees over the same period last year.

(2) Policy factors

During the Reporting Period, a series of policy documents in relation to the operation of expressways were promulgated or implemented as follows, which would affect the operational performance of the expressways of the Group:

- 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 Pandemic 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 from 00:00 on 17 February 2020 to the end of the pandemic prevention and control work. On April 28, the Ministry of Transport issued the Announcement on the Resumption of Toll Road Tolls (《關於恢復收費公路收費的公告》), in which it was declared that toll collection of toll roads approved by law will resume, starting from 0:00 on 6 May 2020 (including toll bridges and tunnels).

¹ Source: preliminary accounting results announced by the National Bureau of Statistics

² Source: preliminary accounting results announced by the Sichuan Provincial Bureau of Statistics

- 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 connection 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	Passenger vehicles		Total amount of axles	Goods vehicles	
	Before adjustment	Upon adjustment		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		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
		Passenger/ car trailer combination			
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 and the Development and Reform Commission of Sichuan Province. Goods vehicles will be charged by different types of vehicles instead of by weight, and the standards of 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	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

(3) 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: Ziyang Toll Station was closed completely from 30 August 2019 and opened to traffic on 13 January 2020 after its relocation was completed. The south side of the Shiziqiao Hub of the Ring Expressway was closed for construction from 27 March 2020 due to the construction of the "east-west thoroughfare" project in Chengdu. According to the Notice on Standardizing the Toll Collection for the Initial Section of Expressway

Around the City” (Sichuan Jiao han [2020] No. 203) (《關於規範城市週邊高速公路起始路段收費工作的通知》(川交函[2020]203號)), the toll of the expressways should be charged by the method of the shortest sharing mileage. The clean-up and standardization work for Chengyu Expressway was completed before April 30, 2020, and the toll mileage was shortened by 2.75 kilometers. The above changes in road network and road construction had a certain impact on the traffic volume and toll income of Chengyu Expressway.

Chengle Expressway: On 28 January 2020, Lejia Road, which connects Leshan Shawan, Suji and Jiajiang, was completed and opened to traffic, resulting in a certain decrease in vehicle flow of Chengle Expressway. From 7 May 2020 to 17 May 2020, the section from Jiajiang to Guanyin of Chengle Expressway was half-opening for construction. From 18 May to 31 May, steel box girder crane construction was carried out on the Meishan pilot section, and the entrance and exit to Lecheng of Pengshan Station was closed. The above events had a certain impact on the traffic volume and toll income of Chengle Expressway.

Chengya Expressway: The implementation of winter control from 1 December 2019 to 28 February 2020 had a certain impact on the vehicle flow of Chengya Expressway.

2. Major financing and investment projects of the Group

(1) Chengle Expressway Expansion Construction Project

The proposal in respect of investment in the expansion construction of Chengle Expressway and relevant matters was considered and approved at the extraordinary general meeting of the Company held on 30 October 2017. According to the reply on approval of the project from the Sichuan Provincial Development and Reform Commission, the total mileage of the project was 138.41km. The project’s estimated total investment was approximately RMB23.133 billion. According to the opinion on approval of the project from the Ministry of Transport, the total mileage of the project was 130 km. The project’s estimated total investment was approximately 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 established tasks for the pilot section in Chengle Expressway expansion and construction project (from Meishan to Qinglong) were completed and the pilot section was 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 commencement to 30 June 2020, the cumulative amount of the investment in Chengle Expressway expansion and construction project was approximately RMB3.383 billion.

(2) 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, involving a land area of 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. As at 30 June 2020, the cumulative sales revenue achieved from Phase I amounted to approximately RMB513,330,000; for the Beichengshidai (Phase II), the land A project construction is steadily pressed ahead and solid sales are achieved, Land C starts to sell, and Land B has completed bidding and will start the development and construction soon. As at 30 June 2020, sales recoveries from Land A and Land C (Phase II) amounted to RMB395 million, 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	90.58%	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%

Name of project	Location	Commencement time	Construction progress	Completion time	Usage	Site area and floor area	Percentage as owned by the Group
Land C of Beichengshidai (Phase II)	Central Business Avenue, Wenlin Town, Renshou County	24 June 2019	34.70%	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%

(3) *Tianqiong Expressway BOT Project*

On 30 October 2019, 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, the Board considered and approved the resolution of investment in Tianqiong Expressway BOT 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. On 27 April 2020, Chengqiongya

Company entered into a concession agreement with the Chengdu government and be responsible for the investment, construction and operation of Tianqiong Expressway BOT Project.

From the date of starting the construction works to 30 June 2020, the accumulated amount of the investment of Tianqiong Expressway BOT Project amounts to RMB750,000.

ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION

Summary of the Group's Operating Results

	For the six months ended	
	30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	2,339,595	3,327,239
Including: Net toll roads and bridges income	885,592	2,022,866
Net city operation revenue	661,181	420,795
Net financial investment revenue	93,362	61,096
Net energy investment revenue	699,460	822,482
Profit before tax	(89,970)	1,072,413
Profit attributable to owners of the Company	(164,758)	832,876
Earnings per share attributable to owners of the Company (<i>RMB</i>)	(0.054)	0.272

Summary of the Group's Financial Position

	30 June	31 December
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	
Total assets	38,486,474	37,860,574
Total liabilities	22,866,687	21,706,606
Non-controlling interests	910,239	876,070
Equity attributable to owners of the Company	14,709,548	15,277,898
Equity per share attributable to owners of the Company (<i>RMB</i>)	4.810	4.996

ANALYSIS OF OPERATING RESULTS

Revenue

The Group's net revenue for the Period amounted to RMB2,339,595,000 (the same period in 2019: RMB3,327,239,000), representing a year-on-year decrease of 29.68%, of which:

- (1) The net toll roads and bridges income was RMB885,592,000 (the same period in 2019: RMB2,022,866,000), representing a year-on-year decrease of 56.22%, which was mainly due to: (1) 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; (2) according to the Notice on Toll Free for Vehicles on Toll Roads during the Prevention and Control Period of Novel Coronavirus Pneumonia Pandemic 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 from 00:00 on 17 February 2020 to the end of the pandemic prevention and control work. On April 28, the Ministry of Transport issued the Announcement on the Resumption of Toll Road Tolls (《關於恢復收費公路收費的公告》), in which it was declared that toll collection of toll roads approved by law will resume, starting from 0:00 on 6 May 2020 (including toll bridges and tunnels). As a result of the foregoing, the toll income (before deduction of turnover taxes) of Chengyu Expressway, Chengya Expressway, Chengren Expressway, Chengle Expressway, Chengbei Exit Expressway, Suiguang-Suixi Expressways decreased significantly in 2020 as compared with that for the same period of last year, representing a year-on-year decrease of 53.31%, 54.62%, 54.18%, 66.59%, 50.29%, 49.51%, 68.38%, respectively. Please refer to “operating conditions of the ‘toll roads and bridges’ business of the Group” in this announcement for details of the main factors affecting the toll income of the Group during the Reporting Period;
- (2) The net city operation revenue was RMB661,181,000 (the same period in 2019: RMB420,795,000), representing a year-on-year increase of 57.13%, which was mainly due to that: (1) the construction contract revenue (before deduction of turnover taxes) in respect of service concession arrangements was RMB616,736,000 (the same period in 2019: RMB323,207,000), representing a year-on-year increase of 90.82%, which was the construction contract revenue from the project for expansion construction of Chengle Expressway and Tianqiong Expressway BOT Project recognized under the input method; (2) construction contract revenue (before deduction of turnover taxes) in respect of construction works performed for third parties amounted to RMB4,166,000 (the same period in 2019: RMB20,329,000), representing a year-on-year decrease of 79.51%, which

was mainly due to the construction and acceptance of Ziyang Jiaozi Avenue project recognized under the input method was completed last year, and only a small part of the remaining relevant output value of which was recognized during the Period; (3) revenue generated from sales of industrial products was RMB8,283,000 (the same period in 2019: RMB28,473,000), mainly due to the year-on-year decrease in revenue resulting from that the Company only carried out sand and gravel trade business during this period while developed cement and Diantang (a type of sugar, a speciality from Yunnan province) trade business in same period of previous year; (4) revenue generated from property development was RMB3,922,000 (the same period in 2019: Nil); (5) the revenue of other projects was RMB23,323,000 (the same period in 2019: RMB29,898,000);

- (3) The net financial investment revenue was RMB93,362,000 (the same period in 2019: RMB61,096,000), representing a year-on-year increase of 52.81%, which was mainly due to: (1) the increase in rental income resulting from the increase in the amount of financial leasing projects in the Period; (2) the increase in factoring business income in the Period as compared with that for the same period of last year;
- (4) The net energy investment revenue was RMB699,460,000 (the same period in 2019: RMB822,482,000), representing a year-on-year decrease of 14.96%, which was mainly due to: (1) the decrease in sales of oil products resulting from the significant decrease in vehicle travel as affected by the COVID-19 pandemic in the Period; (2) the decrease in revenue from refined oil products resulting from the decrease in oil price.

Other Income and Gains

The Group's other income and gains for the Period amounted to RMB100,562,000 (the same period in 2019: RMB132,141,000), representing a year-on-year decrease of 23.90%. This was mainly attributable to a year-on-year decrease in interest income of RMB43,965,000 from the construction contract revenue for the Period.

Operating Expenses

The Group's operating expenses for the Period amounted to RMB2,210,192,000 (the same period in 2019: RMB2,029,696,000), representing a year-on-year increase of 8.89%, of which:

- (1) During the Period, construction contract cost recognized under the input method in respect of service concession arrangements was RMB616,736,000 (the same period in 2019: RMB323,207,000), representing a year-on-year increase of 90.82%. This mainly included construction contract costs recognized for Chengle Expressway Expansion Construction Project and Tianqiong Expressway BOT Project;

- (2) During the Period, construction contract costs recognized under the input method in respect of construction works amounted to RMB3,962,000 (the same period in 2019: RMB16,250,000), representing a year-on-year decrease of 75.62%. This mainly included the construction contract costs of the Ziyang Jiaozi Avenue project;
- (3) Depreciation and amortization expenses increased by 5.88% from RMB434,119,000 last year to RMB459,640,000 for the Period, mainly attributable to amortization for service concession arrangements, depreciation of right-of-use assets and the increase in depreciation of property, plant and equipment;
- (4) The cost of sales of goods was RMB602,902,000 (the same period in 2019: RMB737,133,000), representing a year-on-year decrease of 18.21%, which was mainly due to the decrease in the sales costs as a result of the decrease in sales of refined oil products during the Period;
- (5) Employee benefit expenses increased by 21.09% from RMB298,825,000 for the same period last year to RMB361,855,000 for the Period, mainly due to the increase in the accrual amount of the labor cost for the Period;
- (6) Repair and maintenance costs decreased by 59.48% from RMB97,527,000 for the same period last year to RMB39,515,000, mainly due to the decrease of the daily maintenance costs of the ancillary facilities of all expressways of the Group which impacted by the pandemic;
- (7) Cost of finance lease operation amounted to RMB41,613,000 (the same period in 2019: RMB27,566,000), representing a year-on-year increase of RMB14,047,000, mainly attributable to the increase in interest on borrowings for finance lease operation project;
- (8) Provision for impairment of account receivables amounted to RMB5,180,000 (the same period in 2019: nil).

Finance Costs

The Group's finance costs for the Period amounted to RMB406,376,000 (of which expensed interest expenditure amounted to RMB328,129,000), representing a decrease of 3.21% as compared with RMB419,861,000 (of which expensed interest expenditure amounted to RMB369,802,000) for the same period last year, mainly attributable to the decrease in borrowing rate as a result of the decrease in overall cost of major finance market.

Income Tax

The income tax expense of the Group for the Period amounted to RMB46,191,000, representing a decrease of approximately 76.69% as compared with RMB198,163,000 for the same period of 2019, mainly due to the change in profit.

Profit

The Group's profit for the Period amounted to RMB(136,161,000), representing a decrease of 115.57% as compared with RMB874,250,000 for the same period last year, of which the profit attributable to owners of the Company was RMB(164,758,000), representing a decrease of 119.78% as compared to the same period last year. This was mainly due to:

- (1) During the Period, as affected by policies on COVID-19 pandemic, the toll-free period for the first-class passenger cars and buses during the Spring Festival holiday was extended to 24:00 on 8 February 2020; in addition, the toll fees nationwide have been waived for all vehicles passing through toll roads according to law from 00:00 on 17 February to 24:00 on 5 May and the net toll income decreased by RMB1,137,274,000 as compared with the same period of last year. Profit of the toll roads and bridges segment was approximately RMB(156,822,000), representing a year-on-year decrease of approximately RMB1,100,065,000;
- (2) Profit of the city operation segment for the Period amounted to approximately RMB4,577,000, representing a decrease of approximately RMB65,857,000 as compared with the same period last year, which was mainly due to the construction and acceptance of Ziyang Jiaozi Avenue project was completed last year, and only a small part of the remaining relevant output value income of which was recognized during the Period;
- (3) Profit of the financial investment segment for the Period amounted to approximately RMB47,800,000, representing an increase of RMB15,336,000 as compared with that of the same period last year, which was mainly due to the increase in segment profits as in line with the expansion of the project scale resulting from the increase in the amount of financial leasing projects;
- (4) Profit of the energy investment segment for the Period amounted to approximately RMB72,266,000, representing a decrease of approximately RMB10,807,000 as compared with that of the same period last year, mainly due to the decrease in the gross profit margin of the refined oil product resulting from the decreases in sales of oil products and oil price as affected by the COVID-19 pandemic.

ANALYSIS OF FINANCIAL POSITION

Non-current Assets

As at 30 June 2020, the Group's non-current assets amounted to RMB29,210,892,000 representing an increase of RMB260,512,000 as compared with the end of 2019, mainly attributable to:

- (1) An increase of RMB262,308,000 in service concession arrangements which included an increase of approximately RMB646,958,000 from Chengle Expressway Expansion Construction Project and Tianqiong Expressway BOT Project and the provision for amortization of service concession arrangements of approximately RMB384,650,000;
- (2) A decrease of RMB24,540,000 in right-of-use assets, mainly due to the provision for depreciation and amortization.
- (3) A decrease of RMB14,641,000 in investment in associates and joint ventures, mainly due to (1) the decrease in the carrying amount resulting from the receipt of dividend of RMB15,747,000 for 2019 from Airport Expressway during the Period; (2) decrease in carrying amount after the recovery of cost and investment income in a total amount of RMB7,088,000 by Chengyu Development Fund during the Period; (3) the increase in carrying amount following the recognition of income from investment in a total amount of RMB8,194,000 during the Period;
- (4) A decrease of RMB80,941,000 in financial assets at fair value through other comprehensive income, which was mainly due to the changes of fair value of Sichuan Trust Investment Co., Ltd. and China Everbright Bank;
- (5) An increase of approximately RMB5,597,000 in restricted bank deposits, which were mostly security deposits for mortgage of real estate projects;
- (6) An increase of RMB137,645,000 in loans to customers;
- (7) A decrease of RMB9,657,000 in long term compensation receivables;
- (8) A decrease of RMB29,154,000 in property, plant and equipment;
- (9) A decrease of approximately RMB12,184,000 in contract assets and contract cost, which was mainly due to the reclassification of sales commission capitalised in the real estate projects.

Current Assets and Current Liabilities

As at 30 June 2020, the current assets of the Group amounted to RMB9,275,582,000, representing an increase of 4.10% as compared with the end of 2019, mainly attributable to:

- (1) A decrease of RMB46,388,000 in the balance of cash and cash equivalents as compared with the end of 2019, mainly due to the significant decrease in cash inflows from operating activities for the Period as affected by the COVID-19 pandemic;
- (2) An increase of approximately RMB49,286,000 in loan to customers due within one year compared with the end of 2019, mainly due to the increase in financial leasing funds receivable (recovery by instalment);
- (3) Trade and other receivables increased by RMB105,486,000 as compared to the end of 2019, mainly due to a decrease in trade receivables (including bills receivable) of RMB60,525,000, an increase in other receivables of RMB184,638,000 and a decrease in prepayment of RMB18,627,000 respectively;
- (4) An increase of approximately RMB248,749,000 in property under development as compared with the end of 2019, mainly due to an increase of development costs;
- (5) A decrease of approximately RMB23,433,000 in inventories as compared with the end of 2019, mainly due to the decrease of pre-purchase of oil products for the Period as compared with that of the same period last year;
- (6) An increase of approximately RMB15,904,000 in contract cost as compared with the end of 2019, mainly due to the reclassification of the sales commission capitalized in the real estate projects;
- (7) An increase of RMB2,946,000 in financial assets designated at fair value through current loss and profit as compared with the end of 2019.

As at 30 June 2020, the Group's current liabilities amounted to RMB10,024,805,000, representing an increase of 35.56% as compared with the end of 2019, mainly attributable to a decrease of RMB362,976,000 in trade and other payables, an increase of RMB862,683,000 in contract liabilities; an increase of RMB98,485,000 in shareholders dividend payable; a decrease of approximately RMB29,953,000 in tax payable; an increase of approximately RMB2,061,257,000 in bank loans and other interest-bearing loans and the non-current liabilities due within one year, mainly due to the repayment of approximately RMB1,479,613,000 of short-term borrowings and long-term borrowings due within one year during the Period; approximately RMB1,980,000,000 of new current loans, an increase in the reclassification of approximately RMB1,560,870,000 of bank loans due within one year and other interest-bearing loans.

Non-current Liabilities

As at 30 June 2020, the non-current liabilities of the Group amounted to RMB12,841,882,000, representing a decrease of 10.27% as compared with the end of 2019, which was principally attributable to a decrease of approximately RMB1,019,046,000 in bank and other interest-bearing loans as a result of the increase of approximately RMB1,398,476,000 in bank and other interest-bearing loans, the reclassification of approximately RMB1,560,870,000 as current liabilities during the Reporting Period, early repayment of part of long-term borrowings of RMB856,652,000; a decrease of RMB439,659,000 in contract liabilities as compared to last year, mainly due to the reclassification of the advances received in the real estate projects.

Equity

As at 30 June 2020, the Group's equity amounted to RMB15,619,787,000, representing a decrease of 3.31% as compared with the end of 2019, mainly attributable to: (1) loss of RMB136,161,000 for the Period, which decreased the equity; (2) a decrease in equity of RMB67,457,000 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 Period amounting to RMB336,387,000, which decreased the equity; (4) payment of dividends of RMB16,176,000 to non-controlling shareholders, which decreased the equity; (5) consolidation of subsidiaries, which increased the carrying value of non-controlling interests of RMB22,000,000.

Capital Structure

As at 30 June 2020, the Group had total assets of RMB38,486,474,000 and total liabilities of RMB22,866,687,000. The gearing ratio, which was calculated as the Group's total liabilities divided by its total assets, was 59.41% (31 December 2019: 57.33%).

Cash Flow

As at 30 June 2020, the cash and bank balances of the Group amounted to RMB2,905,316,000, representing a decrease of approximately RMB46,388,000 as compared with the end of 2019. It comprised approximately HKD155,000 (equivalent to approximately RMB142,000) deposits in Hong Kong dollars, and RMB2,905,174,000 cash and deposits in Renminbi.

During the Period, net cash outflow from operating activities of the Group amounted to RMB641,064,000 (the same period of 2019: net cash inflow of RMB597,808,000), representing a decrease of RMB1,238,872,000 in net cash inflows compared with the same period last year, which was mainly because: profit before tax decrease by RMB1,162,383,000 as compared with the same period last year; the new service concession arrangements resulted in an increase of RMB293,529,000 in cash outflows as compared with the same period last year; the increase in properties under

development resulted in an increase of RMB89,028,000 in cash outflows as compared with the same period last year; the decrease in the properties held for sale resulted in an increase of RMB2,162,000 in cash inflows as compared with the same period last year; the increase in restricted deposits resulted in a decrease in cash outflows of RMB22,441,000 for the Period as compared with the same period last year; cash outflows from new loans to customers decreased by RMB405,958,000 as compared with the same period last year; the increase in trade receivables and other receivables resulted in an increase of RMB87,155,000 in net cash outflow as compared with the same period last year; the increase in contract assets and contract costs resulted in a decrease of RMB34,831,000 in the cash outflows for the Period as compared with the same period last year; the increase in contract liabilities resulted in a decrease of RMB347,601,000 in the net cash inflows for the Period as compared with the same period last year; the decrease in trade payables and other payables resulted in a decrease of RMB144,769,000 in cash outflows for the Period as compared with the same period last year.

Net cash outflow used in investing activities of the Group amounted to RMB4,051,000 (the same period of 2019: net inflow of RMB1,038,366,000), with an decrease in net cash inflow of RMB1,042,417,000 as compared with the same period last year, mainly due to an increase of RMB7,046,000 of cash outflow from the purchase of property, plant and equipment as compared with the same period last year; a decrease of RMB943,534,000 in cash inflow from the merger of subsidiaries as compared with the same period last year because the cash received from investing activities are mainly merged into cash and bank balances of Intermodal Transportation Company as a result of the changes in the consolidation scope during the last period; a decrease of RMB71,050,000 in cash expenditure on the investment in joint ventures during the Period as compared with the same period last year; a decrease of RMB145,688,000 in the recovery of investment costs of joint ventures as compared with the same period last year; a decrease of RMB33,264,000 in equity income from associates and joint ventures as compared with the same period last year; a decrease of RMB39,805,000 in cash outflow from equity investment at fair value through other comprehensive income during the Period as compared with the same period last year; the decrease in the pledged time deposits resulted in a decrease of RMB26,258,000 in cash inflow as compared with the same period of last year.

Net cash inflow used in financing activities was RMB598,727,000 (the same period of 2019: net cash outflow of RMB722,515,000), representing an increase of RMB1,321,242,000 as compared with the same period last year, which was mainly due to a decrease of RMB2,542,237,000 in cash inflow from new bank loans and other loans as compared with the same period last year; an increase of RMB1,395,772,000 in cash outflow from repayment of bank loans and payment of lease principal as compared with the same period last year; a decrease of RMB4,892,000 in cash outflow from dividend paid to the owners of the Company compared with the same period last year; an increase of RMB12,922,000 in cash outflow from dividend paid to non-controlling shareholders as compared with the same period last year, a decrease of RMB160,807,000 in cash outflow from interest paid compared with the same period last year.

Foreign Exchange Fluctuation Risks

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

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

Borrowings and Solvency

As at 30 June 2020, the Company's bank and other interest-bearing borrowings amounted to RMB17,894,150,000, all of which bore fixed interest rates. In particular, the balance of domestic bank loans was RMB15,003,520,000, with annual interest rates ranging from 3.30% to 6.175%; the balance of other loans amounted to RMB400,630,000, with annual interest rate of 5.1% to 7.8%; the balance of medium-term notes amounted to RMB1,490,000,000, with annual interest rates ranging from 3.65% to 6.30% per annum; the balance of corporate bonds amounted to RMB1,000,000,000, with an annual interest rate of 3.48% per annum. The relevant balances are set out as follows:

Interest-Bearing Bank and other Loans

	Total amount <i>RMB'000</i>	1 year or within 1 year <i>RMB'000</i>	Over 1 year to 5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>
Loans from domestic banks	15,003,520	3,329,016	3,838,202	7,836,302
Other loans	400,630	74,044	252,718	73,868
Medium-term notes	1,490,000	1,200,000	290,000	
Corporate bonds	1,000,000	1,000,000		
Total (as at 30 June 2020)	<u>17,894,150</u>	<u>5,603,060</u>	<u>4,380,920</u>	<u>7,910,170</u>
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>

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 RMB50,031 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 30 June 2020, 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 30 June 2020, the balance of the syndicated loan for the project amounted to RMB7,760 million.

Pledge of assets

As at 30 June 2020, the Group's time deposits of RMB15,000,000 (31 December 2019: RMB15,000,000) was pledged for the performance guarantee of road construction project; mortgage security of RMB32,142,000 was provided for North Town Times Real Estate Project (31 December 2019: RMB29,024,000); the concession right to collect toll pertaining to Chengle Expressway with net carrying value of RMB4,300,490,000 (2019: RMB3,689,688,000) was pledged to secure the syndicated loan amounting to RMB1,400,000,000 (2019: RMB800,000,000); the concession right to collect toll pertaining to Chengren Expressway with net carrying value of RMB6,553,236,000 (31 December 2019: RMB6,639,158,000) was pledged to secure the syndicated loan amounting to RMB2,381,264,000 (31 December 2019: RMB2,381,264,000); the concession right to collect toll pertaining to Suiguang-Suixi Expressways with net carrying value of RMB11,739,866,000 (31 December 2019: RMB11,817,261,000) was pledged to secure the syndicated loan amounting to RMB7,760,000,000 (31 December 2019: RMB7,910,000,000); loans to customers with net carrying value of RMB1,051,775,000 (31 December 2019: RMB863,212,000) were used for the pledge of bank and other interest-bearing loans amounting to RMB853,890,000 (31 December 2019: RMB659,729,000); and the land use right with a total carrying value of RMB499,100,000 (31 December 2019: RMB859,600,000) was pledged to secure bank loans amounting to RMB132,000,000 (31 December 2019: RMB205,000,000).

Save as disclosed above, the Group did not have any other contingent liabilities, pledge of assets or guarantees as at 30 June 2020.

BUSINESS DEVELOPMENT PLAN

Based on the analysis and summary of the operating status for the Reporting Period, the forecast for and judgement on the economic situation, policy environment and development statue of the industry and the Group itself in the second half of 2020, and the Group's overall development plan and operation goal for the year of 2020, we have formulated the following work plan by considering the situation:

- (1) Solidly and effectively advancing the construction of key projects and constantly strengthening the foundation of primary business. We will effectively improve the quality and efficiency of the project on the operation of the expressway, promote the quality and level of the system of service provision, and strengthen our management abilities to operate our primary business. We will invest more efforts to obtain projects, make plans based on the expressway net in Sichuan Province and even the whole country, watch closely the investment in newly constructed expressway with obvious geographical advantage and good benefit expectation, and further expand and transform the Company's existing expressway net by a large margin. The Group will focus on the transport main businesses and actively implement "go global" strategy, carry out asset merger and 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 primary businesses; to accelerate itself to adapt to the change in expressway toll models under the reform of toll expressway system; the Group will, under the guidance of competent business departments, enhance the upgrading and transforming of technical facilities and the training of skills of management, and continuously improve the modernization standard of toll road operations and management.
- (2) Relying on high-quality road network resource of the principal business and consolidating and strengthening relevant diversified businesses. The Group will actively seek changes for better, follow the "road" to break the situation, continue to consolidate and strengthen the expressway-related extension industries, continuously cultivate new revenue and profit growth points, and constantly improve the economic scale of the road area, operating quality and industrial synergy, and continue to strengthen the Company's comprehensive market competitiveness and risk resistance capacity. 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, and to strengthen cash return on the premise of adhering to the priority of benefits and controllable risks. 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) Improving capital operation efficiency and advancing the optimization of capital composition. The Group 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 pandemic 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 strengthening budget management and cost control and intensively promoting the results of cost reduction. In response to the toll-free policies implemented during the pandemic 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 internal costs and expenses of the Company so as to improve the cost-effectiveness, and strive to minimize the impact of the pandemic. 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) Persevering in the management and control of risk, and strengthening the defense line for the healthy development of the Company. We will improve the risk prevention and control system in all aspects and from its whole process. The Group will continue to embed risk management and control in all aspects of business activities, strengthen the implementation of the system, so as to improve the risk management level of subsidiaries of the Group. It will also establish a normalization mechanism for financial risk management and control to combine internal self-inspection mechanism with external inspection and supervision, and so as to continuously strengthen capital management and debt risk prevention and control capabilities. In addition, the Group will continue to strengthen the

safety and environmental protection risk management and control level, attach great importance to the investigation of hidden dangers, improve its emergency response capabilities and the ability to deal with it, adhere to the prevention and control of the pandemic, and fully consolidate the main responsibilities of prevention and control at all levels to provide a strong guarantee for the completion of the annual goal.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

EMPLOYEES, REMUNERATION AND TRAINING

As at 30 June 2020, details of the Group's employees were as follows:

Number of in-service employees of the Company (including its branches)	2,510
Number of in-service employees of major subsidiaries	<u>1,911</u>
Total number of in-service employees	<u><u>4,421</u></u>
Number of retired employees for which the Company (including its branches) and its major subsidiaries are liable to bear costs	<u><u>Nil</u></u>

Composition of expertise

Type of Expertise	Number of employees
Production	3,117
Sales	25
Technical	510
Financial	146
Administrative	<u>623</u>
Total	<u><u>4,421</u></u>

Education level

Type of Education Level	Number of employees
Postgraduate	195
University graduate	1,346
Junior college graduate	2,016
Technical secondary school and below	864
Total	<u>4,421</u>

1. Employees' remuneration

The total remuneration of the Company's employees is correlated with the operating results of the Company. The salary of the employees is comprised of basic salary (salaries determined by the position and length of service) and performance incentive bonus. Employee's salary is determined with reference to his position (i.e. the salary changes in accordance with the position of service) and performance. During the Reporting Period, the employees' salary incurred by the Group was approximately RMB257,548,600, of which approximately RMB145,560,550 was for the employees of the Company (including its branches).

2. Employee's insurance and welfare

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

3. Staff training

The Company 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 9,312 person-time.

CORPORATE GOVERNANCE

1. Corporate governance

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

2. Corporate governance code

As a listed company with both A Shares and H Shares, in addition to complying with the applicable laws and regulations, the Company is also required to comply with the requirements of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules of the Stock Exchange and the Code of Corporate Governance for Listed Companies of the CSRC regarding the practice of corporate governance. During the Reporting Period and as of the date of this interim report, the Company has adopted and fully complied with the requirements of the Corporate Governance Code except the deviations presented below.

- (1) 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”. As of 27 July 2020, the Company held the seventh meeting of the seventh session of the Board at which Mr. Li Wenhui was appointed as general manager of the Company. Since then, Mr. Gan Yongyi, Chairman and general manager of the Company, has ceased to be general manager of the Company and the Company has complied with the aforementioned code provision.

3. Audit committee

As at the date of this report, the Audit Committee of the Company comprises three independent non-executive Directors including Madam Bu Danlu, Madam Liu Lina and Mr. Yan Qixiang who are all professionals experienced in finance and transportation. The Audit Committee has reviewed and confirmed the unaudited interim condensed financial information and interim results report of the Group for the half year ended 30 June 2020.

4. Model code for securities transactions by directors and supervisors

During the Reporting Period, the Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms not less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules of the Stock Exchange. Having made specific enquiries of all Directors and Supervisors of the Company, it was confirmed that all Directors and Supervisors have complied with the Model Code in relation to securities transactions by the Directors and Supervisors and the Company's own code of conduct and there had not been any non-compliance with the relevant requirements of the Model Code.

EVENTS AFTER THE REPORTING PERIOD

As at date of this announcement, there is no significant event that requires additional disclosures or might affect the Group after the Reporting Period.

PUBLICATION OF THE INTERIM REPORT

The Company's interim report for the half year ended 30 June 2020 containing all information required by the Listing Rules will be dispatched to the shareholders and published on the websites of the Stock Exchange and the Company in due course.

DEFINITIONS

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

Name of Expressway Project

Airport Expressway	Chengdu Airport Expressway
Chengbei Exit Expressway	Chengdu Chengbei Exit Expressway
Chengle Expressway	Sichuan Chengle (Chengdu – Leshan) Expressway
Chengren Expressway	Chengdu – Meishan (Renshou) Section of ChengZiLuChi (Chengdu – Zigong – Luzhou – Chishui) Expressway

Chengya Expressway	Sichuan Chengya (Chengdu – Ya’an) Expressway
Chengyu Expressway	Chengyu (Chengdu – Chongqing) Expressway (Sichuan Section)
Suiguang Expressway	Sichuan Suiguang (Suining – Guang’an) Expressway
Suixi Expressway	Sichuan Suixi (Suining – Xichong) Expressway
Tianqiong Expressway	Tianqiong (Tianfu New Area – Qionglai) Expressway

Branches, Subsidiaries and Principal Invested Companies

Airport Expressway Company	Chengdu Airport Expressway Company Limited
Chengbei Company	Chengdu Chengbei Exit Expressway Company Limited
Chengle Company	Sichuan Chengle Expressway Company Limited
Chengle Operation Branch	Operation and Management Branch of Sichuan Chengle Expressway Company Limited
Chengren Branch	Sichuan Expressway Company Limited Chengren Branch
Chengya Branch	Sichuan Expressway Company Limited Chengya Branch
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
Chengqiongya Company	Sichuan Chengqiongya Expressway Company Limited
Chengyu Development Fund	Sichuan Chengyu Development Equity Investment Fund Centre (Limited Partnership)
Chengyu Education Company	Sichuan Chengyu Education Investment Co., Ltd.* (四川成渝教育投资有限公司)

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)
Commercial Factoring Company	Sichuan Chengyu Commercial Factoring Company Limited (formerly known as “Tianyi United Commercial Factoring (Luzhou) Company Limited* (天乙多聯商業保理(瀘州)有限公司)”))
CSI SCE	CSI SCE Investment Holding Limited
Renshou Bank	Sichuan Renshou Rural Commercial Bank Co., Ltd.
Renshou Landmark Company	Renshou Trading Landmark Company Limited
Renshou Shunan Company	Renshou Shunan Investment Management Company Limited
Shuhai Company	Chengdu Shuhai Investment Management Company Limited
Shuhong Company	Chengdu Shuhong Property Company Limited
Shunan Company	Sichuan Shunan Investment Management Company Limited
Shunan Chengxing Company	Ziyang Shunan Chengxing Project Construction & Management Co., Ltd.
Shuxia Company	Sichuan Shuxia Industrial Company Limited
Suiguang Suixi Company	Sichuan Suiguang Suixi Expressway Company Limited
Multimodal United 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) (formerly known as “Sichuan Tianyi United Investment and Development Co., Ltd.”)

Trading Construction Company	Sichuan Trading Construction Engineering Co., Ltd. (formerly known as “Sichuan Shugong Expressway Engineering Company Limited”)
Zhonglu Energy Company	Sichuan Zhonglu Energy Company Limited
Zhongxin Company	Sichuan Zhongxin Assets Management Co., Ltd.
Others	
2019 AGM	the 2019 annual general meeting of the Company convened on Wednesday, 3 June 2020, the resolutions of which were published on the website of the Stock Exchange on the same date
A Share(s)	ordinary share(s) denominated in RMB of the Company with a nominal value of RMB1.00 each, which are issued in the PRC, subscribed for in RMB and listed on the SSE
Articles of Association	the Articles of Association of the Company, as amended from time to time
associate(s)	has the meaning as ascribed to it under the Listing Rules of the Stock Exchange
Associated corporation(s)	has the meaning as ascribed to it under the SFO
Audit Committee	the Audit Committee of the Board
Board	the Board of Directors of the Company
BOT Project	build – operate – transfer project
BT Project	build – transfer project

Chengle Expressway Expansion Construction Project	Capacity expansion construction project for the Chengdu – Leshan Expressway
China Merchants Expressway Company	China Merchants Expressway Network and Technology Holdings Co. Ltd. (previously known as China Merchants Huajian Highway Investment Company Limited), a substantial shareholder of the Company
Company	Sichuan Expressway Company Limited
CSRC	China Securities Regulatory Commission
Tianqiong Expressway BOT Project	the project of Tianfu New District to Qionglai Expressway BOT (build-operate-transfer) project
Director(s)	director(s) of the Company
Group	the Company and its subsidiaries
H Share(s)	overseas listed share(s) of the Company with a nominal value of RMB1.00 each, which are issued in Hong Kong, subscribed for in HKD and listed on the main board of the Stock Exchange
HKD	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange and/or the Rules Governing the Listing of Securities on the SSE (as the case may be)
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules of the Stock Exchange, which has been adopted by the Company as the code of conduct for securities transactions by Directors and Supervisors of the Company

Nomination Committee	the Nomination Committee of the Board
Period or Reporting Period	for the six months ended 30 June 2020
PRC or Mainland China	the People's Republic of China, for the purpose of this results announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
Remuneration and Appraisal Committee	the Remuneration and Appraisal Committee of the Board
RMB	Renminbi, the lawful currency of the PRC
STIG	Sichuan Transportation Investment Group Corporation Limited, the controlling Shareholder of the Company
STIG Group	STIG and its subsidiaries
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
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Strategic Committee	the Strategic Committee of the Board

Suiguang-Suixi Expressways BOT Project the project on Suiguang Expressway and Suixi Expressway in the form of BOT (build – operate – transfer)

Supervisor(s) supervisor(s) of the Company

Supervisory Committee the supervisory committee of the Company

By order of the Board
Sichuan Expressway Company Limited*
Zhang Yongnian
Company Secretary

Chengdu, Sichuan, the PRC
27 August 2020

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

* *For identification purpose only*