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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)

2021 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 2021, together with the comparative figures for the corresponding period in 2020 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 2021

	<i>Notes</i>	For the six months ended 30 June	
		2021	2020
		<i>RMB'000</i>	RMB'000
		(Unaudited)	(Unaudited)
REVENUE	4	4,022,892	2,339,595
Cost of sales		<u>(2,738,034)</u>	<u>(2,053,240)</u>
Gross profit		1,284,858	286,355
Other income and gains	4	92,112	100,562
Administrative expenses		(160,803)	(144,554)
Other expenses		(20,372)	(12,398)
Finance costs	5	(299,790)	(328,129)
Share of profits and losses of:			
Joint ventures		4,991	4,553
Associates		10,141	3,641
		<u>10,141</u>	<u>3,641</u>
PROFIT/(LOSS) BEFORE TAX	6	911,137	(89,970)
Income tax expense	7	<u>(179,477)</u>	<u>(46,191)</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>731,660</u>	<u>(136,161)</u>
Attributable to:			
Owners of the Company		673,714	(164,758)
Non-controlling interests		57,946	28,597
		<u>57,946</u>	<u>28,597</u>
		<u>731,660</u>	<u>(136,161)</u>

	For the six months ended 30 June	
	2021	2020
<i>Notes</i>	<i>RMB'000</i>	RMB'000
	(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE INCOME/ (LOSS)		
Other comprehensive income/(loss) that will not to be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	12,997	(80,941)
Income tax effect	(1,609)	13,484
	<u>11,388</u>	<u>(67,457)</u>
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD, NET OF TAX		
	<u>11,388</u>	<u>(67,457)</u>
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	<u>743,048</u>	<u>(203,618)</u>
Attributable to:		
Owners of the Company	684,998	(231,963)
Non-controlling interests	58,150	28,345
	<u>743,048</u>	<u>(203,618)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		
– Basic and diluted	8	RMB(0.054)
	<u>RMB0.220</u>	<u>RMB(0.054)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

		30 June 2021	31 December 2020
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	
NON-CURRENT ASSETS			
Property, plant and equipment	9	723,136	764,036
Right-of-use assets	9	395,993	416,724
Service concession arrangements	9	28,087,457	27,657,591
Investments in joint ventures	10	133,769	137,926
Investments in associates	11	288,946	289,127
Equity investments designated at fair value through other comprehensive income	12	294,881	281,883
Loans to customers		1,455,300	1,291,105
Long term compensation receivables		3,351	14,353
Contract assets		10,000	10,000
Contract costs		19,465	18,227
Deferred tax assets		30,468	31,014
Interests in land held for property development		156,303	156,303
Restricted deposits		29,800	36,027
		<hr/>	<hr/>
Total non-current assets		<u><u>31,628,869</u></u>	<u><u>31,104,316</u></u>

		30 June 2021	31 December 2020
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	
CURRENT ASSETS			
Properties under development	13	1,714,602	1,587,314
Completed properties held for sale	13	706,125	969,986
Inventories		58,395	48,989
Loans to customers		1,328,328	1,018,472
Trade and other receivables	14	2,217,242	2,441,430
Contract assets		21,000	21,000
Contract costs		9,615	17,040
Financial assets at fair value through profit or loss		462	494
Pledged deposits		–	15,000
Cash and cash equivalents		3,401,663	3,180,340
Total current assets		<u>9,457,432</u>	<u>9,300,065</u>
CURRENT LIABILITIES			
Tax payable		100,848	136,478
Trade and other payables	15	2,373,952	3,297,114
Contract liabilities		466,331	911,363
Dividend payables		48,167	29,434
Interest-bearing bank and other borrowings	16	2,313,486	4,560,204
Total current liabilities		<u>5,302,784</u>	<u>8,934,593</u>
NET CURRENT ASSETS		<u>4,154,648</u>	<u>365,472</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>35,783,517</u>	<u>31,469,788</u>

		30 June 2021	31 December 2020
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	16	17,678,409	14,000,093
Deferred tax liabilities		4,680	5,441
Contract liabilities		840,996	657,856
Deferred income	15	256,249	272,717
		<hr/>	<hr/>
Total non-current liabilities		18,780,334	14,936,107
		<hr/> <hr/>	<hr/> <hr/>
Net assets		17,003,183	16,533,681
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		3,058,060	3,058,060
Reserves		12,916,942	12,476,974
		<hr/>	<hr/>
		15,975,002	15,535,034
Non-controlling interests		1,028,181	998,647
		<hr/>	<hr/>
Total equity		17,003,183	16,533,681
		<hr/> <hr/>	<hr/> <hr/>

1. CORPORATE INFORMATION

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

During the six months ended 30 June 2021 (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

On 2 April 2021, the former parent and ultimate holding company Sichuan Transportation Investment Group Corporation Limited ("STIG") and Sichuan Railway Investment Group Co., LTD ("SRIG") entered into an agreement, pursuant to which a new entity, Shudao Investment Group Company Limited ("Shudao Investment"), would be established through the joint restructuring of STIG and SRIG by way of merger. The restructuring was completed on 28 May 2021. Particulars of the restructuring have been set out in the Company's announcement dated 6 April 2021 and 28 May 2021.

In the opinion of the Directors, Shudao Investment 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 consolidated financial statements for the year ended 31 December 2020.

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 2020, 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 9, HKAS 39 and HKFRS 7 HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

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

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“**RFR**”). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity,

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The Group had certain interest-bearing bank and other borrowings denominated in Renminbi based on the national Interbank Offered Rate (LPR) as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is 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. 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.

3. OPERATING SEGMENT INFORMATION

For the six months ended 30 June 2021

	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>	1,795,488	1,375,798	99,916	751,690	-	4,022,892
SEGMENT RESULTS	769,519	79,150	49,272	96,676	(14)	994,603
Reconciliation:						
Unallocated income and gains						60,339
Corporate and other unallocated expenses						(143,805)
Profit before tax						<u>911,137</u>

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	885,592	661,181	93,362	699,460	-	2,339,595
SEGMENT RESULTS	(156,822)	4,577	47,800	72,266	(35)	(32,214)
Reconciliation:						
Unallocated income and gains						69,158
Corporate and other unallocated expenses						(126,914)
Loss before tax						<u>(89,970)</u>

3. OPERATING SEGMENT INFORMATION (CONTINUED)

30 June 2021

	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	29,447,727	4,569,151	3,084,195	226,999	955	37,329,027
Reconciliation:						
Equity investments designated at fair value through other comprehensive income						294,881
Financial assets at fair value through profit or loss						462
Deferred tax assets						30,468
Pledged deposits						-
Restricted deposits						29,800
Cash and cash equivalents						3,401,663
Total assets						41,086,301
SEGMENT LIABILITIES	19,359,736	3,160,569	1,458,083	55,387	1,176	24,034,951
Reconciliation:						
Dividend payables						48,167
Total liabilities						24,083,118

3. OPERATING SEGMENT INFORMATION (CONTINUED)

31 December 2020

	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	29,081,491	4,950,053	2,618,966	202,727	6,386	36,859,623
Reconciliation:						
Equity investments designated at fair value through other comprehensive income						281,883
Financial assets at fair value through profit or loss						494
Deferred tax assets						31,014
Pledged deposits						15,000
Restricted deposits						36,027
Cash and cash equivalents						3,180,340
Total assets						40,404,381
SEGMENT LIABILITIES	19,141,612	3,610,391	1,020,021	67,787	1,455	23,841,266
Reconciliation:						
Dividend payables						29,434
Total liabilities						23,870,700

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	3,915,332	2,241,392
Revenue from other sources		
Finance lease	99,315	83,117
Commercial factoring	601	10,245
Gross rental income from operating leases: other lease payments, including fixed payments	7,644	4,841
	107,560	98,203
	4,022,892	2,339,595

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

For the six months ended 30 June 2021

Segments

	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)
Types of goods or services						
Toll income	1,795,488	-	-	-	-	1,795,488
Construction services	-	933,147	-	-	-	933,147
Sale of industrial products	-	35,363	-	751,690	-	787,053
Property development	-	370,258	-	-	-	370,258
Others	-	29,386	-	-	-	29,386
Total revenue from contracts with customers	<u>1,795,488</u>	<u>1,368,154</u>	<u>-</u>	<u>751,690</u>	<u>-</u>	<u>3,915,332</u>
Geographical markets						
All revenues under HKFRS 15 are generated in Mainland China.						
Timing of revenue recognition						
Goods transferred at a point in time	1,795,488	435,007	-	751,690	-	2,982,185
Services transferred over time	-	933,147	-	-	-	933,147
Total revenue from contracts with customers	<u>1,795,488</u>	<u>1,368,154</u>	<u>-</u>	<u>751,690</u>	<u>-</u>	<u>3,915,332</u>

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

For the six months ended 30 June 2020

Segments

	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)
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
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
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
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
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>

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Other income and gains		
Interest income from bank deposits	22,614	21,465
Interest income from discounting long-term compensation receivables	3,153	4,266
Interest income from financial assets arising from construction contracts	28,620	27,138
Government grants*	19,791	6,652
Road damage compensation income	7,133	22,172
Dividend income from equity investments designated at fair value through other comprehensive income	1,330	7,290
Dividend income from financial assets at fair value through profit or loss	–	2,380
Fair value gains/(loss) on financial assets at fair value through profit or loss	(33)	2,956
Gain on disposal of financial assets on at fair value through profit or loss	198	–
Gain on disposal of fixed assets	1,352	–
Miscellaneous	7,954	6,243
Total other income and gains	92,112	100,562

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

5. FINANCE COSTS

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank and other loans	392,152	353,949
Bank charges on issuance of short term commercial papers	3,288	–
Interest on medium term notes	28,405	48,330
Interest on lease liabilities	5,107	4,097
	428,952	406,376
Less:		
Interest capitalised in respect of:		
– Service concession arrangements (<i>note 9(c)</i>)	(82,260)	(30,222)
– Properties under development (<i>note 13</i>)	(723)	(6,412)
Interest recorded under cost of sales	(46,179)	(41,613)
	299,790	328,129
Interest rate of borrowing costs capitalised	<u>3.92%–6.8%</u>	<u>4.41%–6.8%</u>

6. PROFIT/(LOSS) BEFORE TAX

	<i>Notes</i>	For the six months ended 30 June	
		2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Construction costs in respect of:			
– Service concession arrangements*		932,307	616,736
– Construction works performed for third parties*		351	3,962
Cost of sales of refined oil and petrochemical products		630,850	602,902
Cost of properties sold		281,223	2,162
Cost of finance lease operation		46,179	41,613
Depreciation of property, plant and equipment	9	45,597	45,677
Amortisation of service concession arrangements	9	401,363	384,650
Depreciation of right-of-use assets	9	31,204	29,313
Employee benefit expenses		386,388	361,855
Repairs and maintenance		42,527	39,515
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		1,481	913
Loss/(gain) on disposal of items of property, plant and equipment		(1,352)	1,606

* During the Period, employee costs of RMB19,816,000 (six months ended 30 June 2020: RMB14,827,000) and depreciation and amortisation charge of RMB1,207,000 (six months ended 30 June 2020: RMB997,000) 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	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charged for the period	182,861	52,610
Underprovision/(overprovision) in prior years	(1,559)	1,179
Deferred	(1,825)	(7,598)
	<hr/>	<hr/>
Total tax charge for the Period	179,477	46,191
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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 the revenue within the Catalogue from which accounts for more than 70% of the total revenue of such enterprises.”

7. INCOME TAX (CONTINUED)

Pursuant to the Announcement of the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission on the continuation of the enterprise income tax policy for the western development, the Ministry of Finance, the State Administration of Taxation and National Development and Reform Commission (“**Announcement [2020] No. 23**”), the tax preferential treatments for the Western Region Development are valid until 2030. According to the Announcement [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 revenue within the Catalogue accounts for more than 60% of the total revenue of such enterprises.”

For entities within the scope of the transportation industry, i.e., the Company, Chengle Expressway Company Limited, Chengbei Exit Expressway Company Limited, Sichuan Shuxia Industrial 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 the rate of 15%.

The share of tax attributable to joint ventures and associates amounting to RMB3,504,000 (six months ended 30 June 2020: RMB2,235,000) 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/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the Period attributable to equity holders of the Company, and the weighted average number of ordinary shares of 3,058,060,000 (six months ended 30 June 2020: 3,058,060,000) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2021 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the Period.

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

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	764,036	416,724	27,657,591
Additions	5,913	10,473	1,014,567
Disposals	(1,216)	–	(183,338)
Depreciation/amortisation charged for the Period (<i>note 6</i>)	<u>(45,597)</u>	<u>(31,204)</u>	<u>(401,363)</u>
Carrying amounts at end of the Period	<u>723,136</u>	<u>395,993</u>	<u>28,087,457</u>

Notes:

- (a) At 30 June 2021 and 31 December 2020, 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 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i>
Chengle Expressway	6,482,284	5,788,278
Chengren Expressway	6,380,718	6,470,301
Suiguang-Suixi Expressways	11,392,015	11,662,808
Tianqiong Expressway	<u>1,118,799</u>	<u>–</u>
	<u>25,373,816</u>	<u>23,921,387</u>

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

- (b) During the Period, the Group was undertaking the Chengle Expressway Expansion Construction Project and Tianqiong Expressways Build-Operate-Transfer (“BOT”) Project. Total cost of RMB1,014,567,000 (six months ended 30 June 2020: RMB646,958,000), including construction costs of RMB932,307,000 and borrowing costs of RMB82,260,000 were incurred, among which RMB932,307,000 (six months ended 30 June 2020: RMB616,736,000) was sub-contracted to third party subcontractors.

In addition, construction revenue of RMB932,307,000 (six months ended 30 June 2020: RMB616,736,000) was recognised in respect of the construction services provided by the Group for the Chengle Expressway Expansion Construction Project and Tianqiong Expressways 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 Group is granted the rights to charge the users under the service concession arrangements of the abovementioned projects.

- (c) Additions to service concession arrangements during the Period include interest capitalised in respect of bank loans amounting to RMB82,260,000 (six months ended 30 June 2020: RMB30,222,000) (note 5).

10. INVESTMENTS IN JOINT VENTURES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Share of net assets	<u>133,769</u>	<u>137,926</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 Chengyu Development Equity Investment Fund Center	49.836% (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 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Share of net assets	298,109	298,290
Provision for impairment	(9,163)	(9,163)
	<u>288,946</u>	<u>289,127</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
Chengdu Airport Expressway Company Limited	25%	Operation of Chengdu Airport Expressway
Sichuan Renshou Rural Commercial Bank Company Limited	7.474%	Banking operations

The Group's shareholdings in Chengdu Airport Expressway Company Limited are held by the Company, and the shareholdings in Sichuan Renshou Rural Commercial Bank Company Limited are indirectly held by the Company.

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Listed equity investments, at fair value	101,931	107,593
Unlisted equity investments, at fair value	192,950	174,290
	<u>294,881</u>	<u>281,883</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 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Properties under development	1,714,602	1,587,314
Completed properties held for sale	706,125	969,986
	<u>2,420,727</u>	<u>2,557,300</u>

13. PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE (CONTINUED)

The Group's properties under development and completed properties held for sale are situated on leasehold land in Mainland China. As at 30 June 2021, 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 2020: RMB499,100,000) was pledged to secure bank loan granted by Bank of Chengdu (note 16 (a)). Interest capitalised as part of properties under development by the Group during the Period was RMB723,000 (six months ended 30 June 2020: RMB6,412,000 (note 5)).

14. TRADE AND OTHER RECEIVABLES

		30 June 2021	31 December 2020
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	
Trade receivables			
Trade receivables		1,734,547	1,972,178
Impairment		(50,510)	(50,510)
		<hr/>	<hr/>
Trade receivables, net	(a)	1,684,037	1,921,668
Bill receivables		144	35,714
		<hr/>	<hr/>
Other receivables			
Deposits and other receivables	(b)	510,212	517,994
Impairment		(95,264)	(95,264)
		<hr/>	<hr/>
		414,948	422,730
		<hr/>	<hr/>
Prepayments		118,113	61,318
		<hr/>	<hr/>
Other receivables, net		533,061	484,048
		<hr/>	<hr/>
Total trade and other receivables		<u>2,217,242</u>	<u>2,441,430</u>

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

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 an 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 RMB674,698,000(31 December 2020: RMB853,012,000) were to be settled by instalments within two to three years upon completion of the relevant construction works and bore interest at rates ranging from 4.75% to 14.98% (2020: 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 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Within 3 months	914,925	1,048,515
3 to 6 months	99,490	21,555
6 to 12 months	53,801	63,199
Over 1 year	615,821	788,399
	<u>1,684,037</u>	<u>1,921,668</u>

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Interest receivables	5,505	6,038
Long term compensation receivables to be received within one year	11,002	9,658
Toll income receivables	142,841	167,452
Deductible input value added tax	117,731	138,321
Deposits	10,284	14,943
Miscellaneous	222,849	181,582
	<u>510,212</u>	<u>517,994</u>
Impairment allowance	<u>(95,264)</u>	<u>(95,264)</u>
	<u>414,948</u>	<u>422,730</u>

15. TRADE AND OTHER PAYABLES

	<i>Notes</i>	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Current portion:			
Trade and bill payables	(a)	319,162	406,030
Other payables	(b)	1,971,606	2,799,893
Accruals		52,342	57,871
Deferred income		287,091	306,037
		<u>2,630,201</u>	<u>3,569,831</u>
Non-current portion		(256,249)	(272,717)
Portion classified as current liabilities		<u>2,373,952</u>	<u>3,297,114</u>

15. TRADE AND OTHER PAYABLES (CONTINUED)

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 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Within 3 months	256,753	344,161
3 to 6 months	7,754	3,293
6 to 12 months	727	658
Over 1 year	53,928	57,918
	<u>319,162</u>	<u>406,030</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 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Advances	27,280	33,038
Inter-network toll collection	49,887	35,851
Payroll and welfare payable	215,657	239,882
Taxes and surcharge payables	26,049	41,710
Progress billing payables	818,143	1,513,015
Retention payables	216,040	350,447
Deposits	189,818	202,950
Others	428,732	383,000
	<u>1,971,606</u>	<u>2,799,893</u>

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

		30 June 2021	31 December 2020
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	
Bank loans:			
Secured	(a)	14,282,704	13,065,000
Unsecured		3,590,000	3,750,000
Medium term notes	(b)	1,290,000	1,290,000
Other borrowings:			
Secured		162,274	182,652
Unsecured	(c)	112,240	112,240
Lease liabilities		154,677	160,405
Short term commercial paper		400,000	–
		19,991,895	18,560,297
Portion classified as current liabilities		(2,313,486)	(4,560,204)
Non-current portion		<u>17,678,409</u>	<u>14,000,093</u>

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

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

Notes:

(a) Interest-bearing bank loans were secured by:

		30 June 2021	31 December 2020
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	
		<i>(Bank loans amount)</i>	
Secured by concession rights of:	9(a)		
Chengle Expressway		3,385,000	2,590,000
Chengren Expressway		2,019,697	2,101,701
Suiguang-Suixi Expressways		7,410,000	7,610,000
Tianqiong Expressway		294,000	–
		13,108,697	12,301,701
Secured by loans to customers		1,134,007	681,299
Secured by land use rights	13	40,000	82,000
		14,282,704	13,065,000

(b) As at 30 June 2021, the Company had two (31 December 2020: two) tranches of outstanding medium term notes totalling RMB1,290,000,000 (31 December 2020: RMB1,290,000,000) issued to domestic institutional investors participating in the PRC interbank debt market. The interest rates for the medium term notes ranged from 3.49% to 6.30% (31 December 2020: 3.56% to 6.30%) per annum. The medium term notes were all issued at a par value of RMB100 per unit, and will be repaid between July 2024 and May 2026, with an original maturity period of five years.

(c) As at 30 June 2021, the Group's unsecured other borrowings consisted of a shareholder's loan of RMB112,240,000 (31 December 2020: RMB112,240,000) granted to a subsidiary within the Group by its non-controlling shareholder, bearing interest at annual interest rate of 6.80% (31 December 2020: 6.80%).

17. DIVIDENDS

At a meeting of the board of directors held on 26 August 2021, the directors of the Company resolved not to pay an interim dividend to shareholders (six months ended 30 June 2020: Nil).

The proposed final dividend of RMB0.080 per ordinary share for the year ended 31 December 2020 (2019: RMB0.110) was declared during the Period and fully paid on 6 July 2021.

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 2021, the Group made solid progress in all aspects of work. With a focus on its principal business and main priorities, the Group maintained steady business operations and management, and achieved well-organized project construction and development, continuous optimization of business structure and fully enhanced risk management, demonstrating a steady recovery and steady development in general.

During the Reporting Period, the net revenue of the Group amounted to approximately RMB4,022,892,000, representing an increase of approximately 71.95% year-on-year. In particular, the net income from the toll roads and bridges segment amounted to approximately RMB1,795,488,000, representing an increase of approximately 102.74% year-on-year; the net revenue from financial investment segment amounted to approximately RMB99,916,000, representing an increase of approximately 7.02% year-on-year; the net revenue from city operation segment amounted to approximately RMB1,375,798,000, representing an increase of approximately 108.08% year-on-year; and the net revenue from energy investment segment amounted to approximately RMB751,690,000, representing an increase of approximately 7.47% year-on-year. The profit attributable to the owners of the Company was approximately RMB673,714,000, representing an increase of 508.91% year-on-year. Basic earnings per Share was approximately RMB0.220 (the same period in 2020: approximately RMB(0.054)). As at 30 June 2021, the Group had total assets of approximately RMB41,086,301,000 and net assets of approximately RMB17,003,183,000.

BUSINESS REVIEW AND ANALYSIS

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

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

Item	Shareholding percentage (%)	Average daily traffic flow (vehicles)			Toll income (before deduction of turnover tax) (RMB'000)		
		For the Period (Note 1)	Same period in 2020	Increase/decrease (%)	For the Period (Note 2)	Same period in 2020	Increase/(decrease) (%)
Chengyu Expressway	100.00	20,977	26,858	-21.90	383,232	224,854	70.44
Chengya Expressway	100.00	48,276	50,499	-4.40	514,841	221,367	132.57
Chengren Expressway	100.00	41,231	43,681	-5.61	463,472	228,633	102.71
Chengle Expressway	100.00	25,155	27,653	-9.03	184,870	102,826	79.79
Chengbei Exit Expressway (including Qinglongchang Bridge)	60.00	84,924	57,550	47.57	68,026	28,741	136.69
Suiguang Expressway	100.00	12,317	6,256	96.88	119,777	55,033	117.65
Suixi Expressway	100.00	10,295	2,913	253.42	78,929	27,786	184.06

Notes:

- The average daily traffic flow of expressways owned by the Group during the Period is based on the traffic flow of main line toll gantries, whereas the average daily traffic flow of expressways during the same period in 2020 was based on the traffic flow of both toll stations and main line toll gantries. The calculation of the average daily traffic flow during the same period in 2020 excluded the traffic flow during the toll-free period amid the outbreak of COVID-19, and included only the traffic flow of 56 days from 6 May to 30 June 2020.
- Due to the outbreak of COVID-19 in the first half of 2020, all toll expressways exempted tolls for 79 days as per relevant regulations, which resulted in a lower toll revenue during the same period in 2020.

During the Reporting Period, the toll income (before deduction of turnover taxes) of the Group was approximately RMB1,813,147,000, representing an increase of approximately 103.90% as compared with the same period last year. The toll income (after deduction of turnover taxes) accounted for approximately 44.63% of the Group's operating revenue, representing an increase of approximately 6.78 percentage points as compared with the same period last year. During the Reporting Period, the overall operating performance of the Group's expressways was affected by the combined effects of the following factors:

(1) Economic factors

In the first half of 2021, China's economy witnessed the steady and sound growth momentum consolidated, with the country's gross domestic product (GDP) reaching RMB53,216.7 billion, representing a year-on-year increase of 12.7%¹ at comparable prices. Sichuan Province achieved a GDP of RMB2,523.239 billion, up 12.1%² year-on-year, with a significant increase in economic vitality and sustained recovery of economic operation. Such favorable economic environment has led to an increase in regional transportation, especially freight demand. As a result, the Group's toll roads saw increases in traffic flow to varying degrees as compared with the same period last year. The Group's overall toll income increased by 103.90%.

(2) Policy factors

In order to prevent the spread of the COVID-19 epidemic caused by the movement of people, the General Office of the CPC Central Committee and the General Office of the State Council issued the "Circular on Ensuring Services and Supplies to People Staying Local for the Spring Festival" on 25 January 2021, calling for residents to stay at their current residing localities for the Spring Festival and avoid traveling unless necessary. Compared with previous Spring Festival travel rush periods, the Group's expressways saw decreases in both traffic flow and toll revenue to a certain extent during the Spring Festival travel rush season in the Reporting Period.

(3) Road network changes and road construction

Changes in peripheral competitive or synergistic road networks 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: As a result of the construction of the "east-west thoroughfare" project in Chengdu, the traffic volume of related sections was decreased. Chengziyu Expressway was officially opened on 31 December 2020, and it is toll-free (except that the Chengdu Tianfu International Airport-Tongnan (Sichuan-Chongqing Boundary) section will start collecting tolls from 9 July 2021), which had a certain impact on the traffic volume of Chengyu Expressway. According to the Notice on Standardizing the Toll Collection for the Initial Sections of Expressways Around the City" (Sichuan Jiao Han [2020] No. 203) (《關於規範城市周邊高速公路起始路段

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

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

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 30 April 2020, and the toll mileage was shortened by 2.75 kilometers (km). In addition, according to the Reply on Approval of Adjustment to Toll Charge Mileage and Charge Section of Chengyu Expressway (Sichuan Jiao Han [2020] No. 583) (《關於成渝高速公路調整收費里程及收費區間的批覆》(川交函[2020]583號)) issued by the Department of Transportation of Sichuan Province and the Development and Reform Commission of Sichuan Province, the section from the original start point of Chengyu Expressway to the 19 km of Longquan Section would no longer set toll station and the toll charge mileage would be adjusted after the official opening of the new toll station. As of 1 February 2021, the toll station on the new main line of Chengdu-Longquan of Chengyu Expressway was officially opened and the toll charge mileage of Chengyu Expressway was adjusted from 226 km to 207 km. The tolls in respect of the reduced 19 km of the expressway will be paid by Chengdu Municipal Government by way of service purchase in the amount of RMB40 million per annum for the period commencing at 00:00 on the day on which the toll station on the main line in Chengdu is completed and put into operation and ending on the expiry date of the approval for toll charge for the section from the starting point of Chengdu-Chongqing Expressway to 19 km of Longquan Section.

Chengle Expressway: The on-going construction of renovation and expansion project of Chengle Expressway had certain adverse effects on the traffic volume and toll income of Chengle Expressway. On 4 February 2021, construction works on the left lane of K71-K122 section of the expansion project, which had lasted for one month, were successfully completed, and Chengle Expressway officially returned to two-way traffic. The section from K122+300 Mianzhu Interchange to K71+000 Meishan Interchange of Chengle Expressway has been closed for construction for more than two months since 6 April 2021, which has adversely affected the traffic volume of Chengle Expressway.

Chengya Expressway: After 22 months of closure for construction works, the new entrance and exit of Ya'an East Station of Chengya Expressway were opened on 5 and 6 February 2021, respectively, and resumed normal operation, which boosted the volume of vehicles passing through the Ya'an station of Chengya Expressway.

Chengren Expressway: Chengyi Expressway, which was officially opened on 31 December 2020 and is toll-free, and the connecting between the expressway connecting line of Chengdu Tianfu International Airport and Chengren Expressway, had certain adverse impact on Chengren Expressway in respect of toll income.

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, and the 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 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 two-way traffic. On 18 December 2019, the new Qinglong Toll Station of Chengle Expressway officially opened to traffic. From 2017 to 2019, the Ministry of Finance of the PRC, the Department of Finance of Sichuan Province and the Department of Transportation of Sichuan Province successively issued the Notice on Regulating the Management of Project Database for the Integrated Public-Private-Partnership (PPP) Information Platform(《關於規範政府和社會資本合作(PPP)綜合信息平台項目庫管理的通知》) and other guidance documents. As at the date of this announcement, Chengdu Transportation Bureau has entered into the Investment Agreement for the Expansion Construction Project of Chengdu-Leshan Expressway and the Public-Private-Partnership (PPP) Project Contract for the Expansion Construction Project of Chengdu-Leshan Expressway with Chengle Company to meet the requirements of the approval procedures for regulating PPP projects' inclusion and reclassification in the database. For details, please refer to the announcement of the Company dated 2 August 2021. From the date of construction commencement to 30 June 2021, the cumulative investment in Chengle Expressway expansion and construction project was approximately RMB5.501 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 the land use rights of 3 parcels of state-owned construction land 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 the land lot with a site 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 to take charge of the development and construction of Renshou County Chengbei New City Real Estate Project. On 15 May 2014, Renshou Landmark Company once again won the bid and acquired the land use rights of 5 parcels of state-owned construction land at Chengbei New City with an aggregate site area of 194,810.52 square meters at the consideration of RMB787,100,000.

Currently, the sale and delivery of the real estate project, namely, Beichengshidai (Phase I) has substantially completed, and the accumulative sales revenue of Phase I amounted to approximately RMB535,888,000 as at 30 June 2021. For the Beichengshidai (Phase II), the Land A project has achieved good sales; Land C project construction has advanced steadily and solid sales are achieved; and Land B had completed tendering process, with bid sections B1 and B2 obtaining the construction permits on 22 September 2020 and 1 June 2021, respectively. During the Reporting Period, Land A and land C of Phase II realized sales revenue of RMB155 million, and the sales revenue recognized for Land A amounted to RMB396 million.

Name of project	Location	Commencement date	Construction progress	Completion date	Uses	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: 198,468.96 square meters	91%
Land A of Beichengshidai (Phase II)	Central Business Avenue, Wenlin Town, Renshou County	18 May 2018	Completed	December 2020	Residential, commercial and parking lots	Site area: 64,882.22 square meters; Construction area: 287,437.57 square meters	91%
Land C of Beichengshidai (Phase II)	Central Business Avenue, Wenlin Town, Renshou County	24 June 2019	55.35%	Expected to be completed in December 2021	Residential, commercial and parking lots	Site area: 38,195 square meters; Construction area: 180,780.32 square meters	91%

Name of project	Location	Commencement date	Construction progress	Completion date	Uses	Site area and floor area	Percentage as owned by the Group
Land B of Beichengshidai (Phase II)	Central Business Avenue, Wenlin Town, Renshou County	30 September 2020 (B1); 20 April 2021 (B2)	26.65%	Section B1 expected to be completed in November 2023; Section B2 expected to be completed in November 2023;	Residential, commercial and parking lots	Section B1: Site area of 50,020.34 square meters; and construction area of 111,856.26 square meters; Section B2: Site area of 467,171.57 square meters; and construction area of 250,725.83 square meters	91%

On 16 August 2021, the Company entered into the Equity and Corresponding Shareholder’s Loan Transfer Agreement and STIP, pursuant to which, the Company would sell the 91% equity interest in Renshou Landmark Company, a non-wholly owned subsidiary of the Company, and the corresponding shareholder’s loan to STIP at an aggregate consideration of not exceeding approximately RMB1,858.2 million (including interest accrued on the loan), which aimed to dispose of the real estate business which has relatively low profit margin, long investment cycle and requires relatively substantial investment amount, so as to allow the Group to optimise its asset structure, focus on its principal business and improve its resources utilisation efficiency. Upon completion of disposal, the Company will no longer hold any equity interest in Renshou Landmark Company and the interest in corresponding shareholder’s loan, and the financial results of Renshou Landmark Company will be deconsolidated from the Group. The disposal has been considered and approved at the 14th meeting of the 7th Board of Directors of the Company and is subject to the general meeting of the Company for consideration and approval. For details, please refer to the announcement of the Company dated 17 August 2020.

(3) *Tianqiong Expressway BOT Project*

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

On 4 March 2020, Sichuan Chengqiongya Expressway Company Limited (“**Chengqiongya Company**”) was incorporated in Qionglai of Sichuan Province as a project company to take charge of the investment, construction and operation of Tianqiong Expressway, with a registered capital of approximately RMB1,737 million, of which the Company contributed RMB1,424.34 million. From the commencement date of construction to 30 June 2021, an accumulated investment of approximately RMB1,119 million had been invested in the Tianqiong Expressway Project.

(4) Termination of Featured Vocational and Technical Education Project in Qionglai City

On 24 July 2019, Chengyu Technology Company (formerly known as Chengyu Education Company) entered into the Letter of Investment Intent on the Featured Vocational and Technical School Project with the People’s Government of Qionglai City, Sichuan Province, pursuant to which it was proposed to invest in and develop a featured vocational and technical school project in Qionglai City, Sichuan Province. In view of the great changes in the market environment since 2020, after taking into consideration various relevant factors carefully, the Company decided to terminate the external investment, so as to safeguard the interests of the Company and the Shareholders as a whole, and changed the name and business scope of the company. The Company plan to expand the transportation technology business by combining external cooperation and independent investment. Chengyu Technology Company (former Chengyu Education Company) and the People’s Government of Qionglai City reached a consensus through negotiation and entered into an agreement on 8 February 2021 to terminate the investment for the featured vocational and technical school project in Qionglai City, and completed the formalities for company change registration and obtained the new business license from the Market Supervision and Administration Bureau of Sichuan Tianfu New District on 21 May 2021.

(5) Lushan Tourism Highway PPP Project

On 4 March 2021, the consortium comprised of Shunan Company, as the leader, and Transportation Construction Company successfully won the bid for the PPP project of the construction of a tourism highway from Longmen to Baosheng to Dachuan in Lushan County. Subsequently on 15 April 2021, a project company named Lushan County Shunan Engineering Construction Project Management Co., Ltd. (蘆山縣蜀南工程建設項目管理有限公司) was incorporated.

Lushan Tourism Highway PPP Project is located within Lushan County, Ya’an City and Qionglai City, Sichuan Province. The construction mileage of the project is 8.3 km with an estimated total investment of approximately RMB390 million. The BOT (build – operate – transfer) model was adopted for the project.

ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION

Summary of the Group's Operating Results

	For the six months ended 30 June	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue	4,022,892	2,339,595
Including: Net toll roads and bridges income	1,795,488	885,592
Net city operation revenue	1,375,798	661,181
Net financial investment revenue	99,916	93,362
Net energy investment revenue	751,690	699,460
Profit before tax	911,137	(89,970)
Profit attributable to owners of the Company	<u>673,714</u>	<u>(164,758)</u>
Earnings per share attributable to owners of the Company (<i>RMB</i>)	<u>0.220</u>	<u>(0.054)</u>

Summary of the Group's Financial Position

	2021	2020
	30 June <i>RMB'000</i> (Unaudited)	31 December <i>RMB'000</i>
Total assets	41,086,301	40,404,381
Total liabilities	24,083,118	23,870,700
Non-controlling interests	1,028,181	998,647
Equity attributable to owners of the Company	<u>15,975,002</u>	<u>15,535,034</u>
Equity per share attributable to owners of the Company (<i>RMB</i>)	<u>5.224</u>	<u>5.080</u>

ANALYSIS OF OPERATING RESULTS

Revenue

The Group's net revenue for the Period amounted to RMB4,022,892,000 (the same period in 2020: RMB2,339,595,000), representing a year-on-year increase of 71.95%, of which:

- (1) The net toll roads and bridges income was RMB1,795,488,000 (the same period in 2020: RMB885,592,000), representing a year-on-year increase of 102.74%, which was mainly due to: (1) for the same period last year, due to the impact of the 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 according to the Notice on the Extension of the Toll-free 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免費通行時段的通知)》 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 《(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)》 issued by the Ministry of Transport, all vehicles passing toll roads according to law were exempt from tolls from 00:00 on 17 February 2020 to 24:00 5 May 2020. For the Period, as toll collection had resumed for the toll roads, the toll income (before deduction of turnover taxes) of Chengyu Expressway, Chengya Expressway, Chengren Expressway, Chengle Expressway, Chengbei Exit Expressway, Suiguang-Suixi Expressways increased significantly in 2021 as compared with that for the same period last year, representing a year-on-year increase of 70.44%, 132.57%, 102.71%, 79.79%, 136.69%, 117.65% and 184.06%, 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 RMB1,375,798,000 (the same period in 2020: RMB661,181,000), representing a year-on-year increase of 108.08%, which was mainly due to that: (1) the construction contract revenue (before deduction of turnover taxes) in respect of service concession arrangements was RMB932,307,000 (the same period in 2020: RMB616,736,000), representing a year-on-year increase of 51.17%, 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 RMB1,035,000 (the same period in 2020: RMB4,166,000), representing a year-on-year decrease of 75.16%, which was

mainly due to certain Ziyang Jiaozi Avenue projects recognized under the input method was completed last year, and only a small part of the remaining revenue was recognized during the Period; (3) revenue generated from sales of industrial products was RMB35,363,000 (the same period in 2020: RMB8,283,000), mainly due to the decrease in sales volume of sand and gravel trading business as affected by the pandemic in the same period last year, as compared with the year-on-year increase in sales volume of sand and gravel trading business due to the regular pandemic prevention and control in the Period; (4) revenue generated from property development was RMB370,258,000 (the same period in 2020: RMB3,922,000), representing a year-on-year increase of 9,340.54%, mainly due to the delivery of some residential units on Land A of Beichengshidai (Phase II) with revenue recognized from sales of commercial properties for the Period, and only the revenue from part of commercial and parking lots of Phase I was recognized for the same period last year; (5) the revenue of other projects was RMB29,386,000 (the same period in 2020: RMB23,323,000);

- (3) The net financial investment revenue was RMB99,916,000 (the same period in 2020: RMB93,362,000), representing a year-on-year increase of 7.02%, which was mainly due to the increase in rental income resulting from the increase in the amount of financial leasing projects in the Period;
- (4) The net energy investment revenue was RMB751,690,000 (the same period in 2020: RMB699,460,000), representing a year-on-year increase of 7.47%, which was mainly due to the year-on-year increase in the unit selling price of refined oil products as affected by the macro-control of oil price.

Other Income and Gains

The Group's other income and gains for the Period amounted to RMB92,112,000 (the same period in 2020: RMB100,562,000), representing a year-on-year decrease of 8.40%. This was mainly attributable to a year-on-year decrease of RMB15,039,000 in compensation income for the Period.

Operating Expenses

The Group's operating expenses for the Period amounted to RMB2,919,209,000 (the same period in 2020: RMB2,210,192,000), representing a year-on-year increase of 32.08%, of which:

- (1) During the Period, construction contract cost recognized under the input method in respect of service concession arrangements was RMB932,307,000 (the same period in 2020: RMB616,736,000), representing a year-on-year increase of 51.17%. This mainly included construction contract costs recognized for Chengle Expressway Expansion Construction Project and Tianqiong Expressway BOT

Project; during the Period, construction contract costs recognized under the input method in respect of construction works amounted to RMB351,000 (the same period in 2020: RMB3,962,000), representing a year-on-year decrease of 91.14%. This was mainly due to the completion and acceptance of Ziyang Jiaozi Avenue project recognised under the input method in the last year and only few part of costs left recognised for the Period;

- (2) Depreciation and amortization expenses increased by 4.03% from RMB459,640,000 last year to RMB478,164,000 for the Period, mainly attributable to amortization for service concession arrangements and depreciation of right-of-use assets;
- (3) The cost of sales of goods was RMB630,850,000 (the same period in 2020: RMB602,902,000), representing a year-on-year increase of 4.64%, which was mainly due to the increase in the unit price for purchase of refined oil products during the Period;
- (4) The cost of property sales was RMB281,223,000(the same period in 2020: RMB2,162,000), representing an increase of 12,907.54% over the last year, which was mainly due to the recognition of cost of sales of commercial properties resulting from the delivery of some residential units on Land A of Beichengshidai Phase II in the Period;
- (5) Employee costs increased by 6.78% from RMB361,855,000 for the same period last year to RMB386,388,000 for the Period, mainly due to the government's social insurance concession policy in response to the pandemic in the same period last year.
- (6) Repair and maintenance costs increased by 7.62% from RMB39,515,000 for the same period last year to RMB42,527,000, representing the daily maintenance costs of the ancillary facilities of all expressways of the Group;
- (7) Cost of finance lease operation amounted to RMB46,179,000 (the same period in 2020: RMB41,613,000), representing a year-on-year increase of RMB4,566,000, mainly attributable to the increase in interest on borrowings for finance lease operation project;
- (8) No provision for impairment of account receivables was made for the Period (the same period in 2020: RMB5,180,000).

Finance Costs

The Group's finance costs for the Period amounted to RMB428,952,000 (of which expensed interest expenditure amounted to RMB299,790,000), representing an increase of 5.55% as compared with RMB406,376,000 (of which expensed interest expenditure amounted to RMB328,129,000) for the same period last year. The increase in the finance costs was mainly attributable to the increase in drawdown of loan for Chengle Expressway Expansion Construction Project and Tianqiong Expressway BOT Project, and the decrease in expensed interest expenditure was mainly due to repayment of principal and lower interest rate.

Income Tax

The income tax expense of the Group for the Period amounted to RMB179,477,000, representing an increase of approximately 288.55% as compared with RMB46,191,000 for the same period of 2020, mainly due to the change in profit.

Profit

The Group's profit for the Period amounted to RMB731,660,000, representing a turnaround of RMB867,821,000 from a loss of RMB136,161,000 for the same period last year, of which the profit attributable to owners of the Company was RMB673,714,000, representing an increase of RMB838,472,000 as compared to the same period last year. This was mainly due to:

- (1) During the same period last year, 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 2020 to 24:00 on 5 May 2020; during the Period, toll collection had resumed for the toll roads due to regular pandemic prevention and control in the Period, and the toll income (before deduction of turnover taxes) increased by RMB923,907,000 as compared with the same period last year. Profit of the toll roads and bridges segment was approximately RMB769,519,000, representing a year-on-year increase of approximately RMB926,341,000;
- (2) Profit of the city operation segment for the Period amounted to approximately RMB79,150,000, representing a year-on-year increase of RMB74,573,000 as compared with the same period last year, which was mainly due to (1) the recognition of profit for sales of commercial properties resulting from the delivery of some residential units on Land A of Beichengshidai Phase II in the Period; and (2) the increase in profit resulting from the integration of leasing business of service areas in the Period.

- (3) Profit of the financial investment segment for the Period amounted to approximately RMB49,272,000, representing an increase of RMB1,472,000 as compared with that of the same period last year, which was mainly due to the increase in the amount of financial leasing projects launched in the Period;
- (4) Profit of the energy investment segment for the Period amounted to approximately RMB96,679,000, representing an increase of approximately RMB24,413,000 as compared with that of the same period last year, mainly due to the increase in the gross profit of the refined oil product.

ANALYSIS OF FINANCIAL POSITION

Non-current Assets

As at 30 June 2021, the Group's non-current assets amounted to RMB31,628,869,000 representing an increase of 1.69% as compared with the end of 2020, mainly attributable to:

- (1) An increase of RMB429,866,000 in service concession arrangements which included an increase of approximately RMB1,014,567,000 from Chengle Expressway Expansion Construction Project and Tianqiong Expressway BOT Project, disposal of approximately RMB183,338,000 and the provision for amortization of service concession arrangements of approximately RMB401,363,000;
- (2) A decrease of RMB20,731,000 in right-of-use assets, mainly due to the provision for depreciation and amortization.
- (3) A decrease of RMB4,338,000 in investment in associates and joint ventures, mainly attributable to (1) the decrease in the carrying amount due to the distribution of profit of RMB16,484,000 for 2020 declared by Airport Expressway in the Period; (2) the decrease in carrying amount due to the receipt of dividends in a total amount of RMB2,701,000 from Chengyu Development Fund and Zhongxin Company during the Period; (3) the increase in carrying amount following the recognition of income from investment in a total amount of RMB15,132,000 during the Period; (4) the decrease of RMB285,000 in carrying amount due to dilution of investment in Zhongxin Company in the Period.
- (4) An increase of RMB12,998,000 in financial assets at fair value through other comprehensive income, which was mainly due to the changes of fair value of Sichuan Transportation Construction Group Co., Ltd.;

- (5) A decrease of approximately RMB6,227,000 in restricted bank deposits, which were mostly security deposits for mortgage of real estate projects;
- (6) An increase of RMB164,195,000 in loans to customers;
- (7) A decrease of RMB11,002,000 in long term compensation receivables;
- (8) A decrease of RMB40,900,000 in property, plant and equipment;

Current Assets and Current Liabilities

As at 30 June 2021, the current assets of the Group amounted to RMB9,457,432,000, representing an increase of 1.69% as compared with the end of 2020, mainly attributable to:

- (1) An increase of RMB221,323,000 in the balance of cash and cash equivalents as compared with the end of 2020, mainly due to the increase in loans for the Period;
- (2) An increase of approximately RMB309,856,000 in loan to customers due within one year compared with the end of 2020, mainly due to the increase in financial leasing funds receivable (recovery by instalment);
- (3) Trade and other receivables decreased by RMB224,188,000 as compared to the end of 2020, mainly due to a decrease in trade receivables (including bills receivable) of RMB273,201,000, a decrease in other receivables of RMB7,782,000 and an increase in prepayment of RMB56,795,000 respectively;
- (4) An increase of approximately RMB127,288,000 in property under development as compared with the end of 2020, mainly due to an increase of development costs;
- (5) An increase of approximately RMB9,406,000 in inventories as compared with the end of 2020, mainly due to the increase of pre-purchase of oil products for the Period;
- (6) A decrease of approximately RMB7,425,000 in contract cost as compared with the end of 2020, mainly due to the reclassification of the sales commission capitalized in the real estate projects;

As at 30 June 2021, the Group's current liabilities amounted to RMB5,302,784,000, representing a decrease of 40.65% as compared with the end of 2020, mainly attributable to a decrease of RMB923,162,000 in trade and other payables, a decrease of RMB445,032,000 in contract liabilities; an increase of RMB18,733,000 in shareholders dividend payable; a decrease of approximately RMB35,630,000 in tax payable; a decrease of approximately RMB2,246,718,000 in bank loans and other

interest-bearing loans and the non-current liabilities due within one year, mainly due to the repayment of approximately RMB3,469,668,000 of short-term borrowings and long-term borrowings due within one year during the Period; approximately RMB485,000,000 of new current loans, an increase in the reclassification of approximately RMB737,950,000 of bank loans and other interest-bearing loans due within one year.

Non-current Liabilities

As at 30 June 2021, the non-current liabilities of the Group amounted to RMB18,780,334,000, representing an increase of 25.74% as compared with the end of 2020, which was principally attributable to an increase of approximately RMB3,678,316,000 in bank and other interest-bearing loans as a result of the increase of approximately RMB4,584,242,000 in bank and other interest-bearing loans, the reclassification of approximately RMB737,950,000 as current liabilities during the Reporting Period, early repayment of part of long-term borrowings of RMB167,976,000; and an increase of RMB183,140,000 in contract liabilities as compared to last year.

Equity

As at 30 June 2021, the Group's equity amounted to RMB17,003,183,000, representing an increase of 2.84% as compared with the end of 2020, mainly attributable to: (1) profit of RMB731,660,000 for the Period, which increased the equity; (2) an increase in equity of RMB11,388,000 due to the adjustment to the fair value of financial assets presenting changes in other comprehensive income; (3) the final dividend for 2020 declared in the Period amounting to RMB244,645,000, which decreased the equity; (4) payment of dividends of RMB31,620,000 to non-controlling shareholders, which decreased the equity; (5) an increase of RMB3,004,000 in equity due to investment by non-controlling shareholders; and (6) a decrease in capital reserve of RMB285,000 due to dilution of investments in associates.

Capital Structure

As at 30 June 2021, the Group had total assets of RMB41,086,301,000 and total liabilities of RMB24,083,118,000. The gearing ratio, which was calculated as the Group's total liabilities divided by its total assets, was 58.62% (31 December 2020: 59.08%).

Cash Flow

As at 30 June 2021, the cash and bank balances of the Group amounted to RMB3,401,663,000, representing an increase of approximately RMB221,323,000 as compared with the end of 2020. It comprised approximately HKD167,000 (equivalent to approximately RMB139,000) of deposits in Hong Kong dollars, and RMB3,401,524,000 of cash and deposits in Renminbi.

During the Period, net cash outflow from operating activities of the Group amounted to RMB616,739,000 (the same period of 2020: net cash outflow of RMB641,064,000), representing a decrease of RMB24,325,000 in net cash outflow compared with the same period last year, which was mainly because: profit before tax increased by RMB1,001,107,000 as compared with the same period last year; the new service concession arrangements resulted in an increase of RMB315,571,000 in cash outflow as compared with the same period last year; the increase in properties under development resulted in a decrease of RMB115,772,000 in cash outflow as compared with the same period last year; the decrease in the properties held for sale resulted in an increase of RMB261,699,000 in cash inflow as compared with the same period last year; the decrease in restricted deposits resulted in an increase in cash inflow of RMB11,824,000 for the Period as compared with the same period last year; cash outflows from new loans to customers increased by RMB287,120,000 as compared with the same period last year; the decrease in trade receivables and other receivables resulted in an increase of RMB328,740,000 in net cash inflow for the Period as compared with the same period last year; the decrease in contract assets and contract costs resulted in an increase of RMB9,907,000 in the cash inflow for the Period as compared with the same period last year; the increase in contract liabilities resulted in an increase of RMB684,916,000 in the net cash outflow for the Period as compared with the same period last year; the decrease in trade payables and other payables resulted in an increase of RMB214,808,000 in cash outflow for the Period as compared with the same period last year.

Net cash inflow from investing activities of the Group amounted to RMB54,981,000 (the same period of 2020: net outflow of RMB4,051,000), representing a decrease in net cash outflow of RMB59,032,000 as compared with the same period last year, mainly due to: a decrease of RMB40,352,000 of cash outflow from the purchase of property, plant and equipment as compared with the same period last year; a decrease of RMB4,312,000 in the recovered costs of investments in joint ventures as compared with the same period last year; an increase of RMB16,409,000 in dividend income from associates and joint ventures as compared with the same period last year; a decrease of RMB5,960,000 in cash inflow for dividends from investment in financial assets at fair value through other comprehensive income during the Period as compared with the same period last year; and a decrease of RMB2,380,000 in cash inflow for dividends from investment in financial assets at fair value through profit or loss during the period as compared with the same period last year; and a decrease in the pledged time deposits during the Period resulting in an increase of RMB15,000,000 in cash inflow during the Period as compared with the same period last year.

Net cash inflow from financing activities was RMB783,081,000 (the same period of 2020: net cash inflow of RMB598,727,000), representing an increase of RMB184,354,000 as compared with the same period last year, which was mainly due to: an increase of RMB896,147,000 in cash inflow from new bank loans and other loans as compared with the same period last year; an increase of RMB512,871,000 in cash outflow from repayment of bank loans and payment of lease principal as

compared with the same period last year; an increase of RMB6,743,000 in cash outflow from dividend paid to the owners of the Company compared with the same period last year; a decrease of RMB3,289,000 in cash outflow from dividend paid to non-controlling shareholders as compared with the same period last year; an increase of RMB176,562,000 in cash outflow from interest paid compared with the same period last year; and a decrease of RMB18,996,000 in cash inflow from capital contribution by non-controlling shareholders as compared with the same period last year.

Foreign Exchange Fluctuation Risks

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

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

Borrowings and Solvency

As at 30 June 2021, the Company's bank and other interest-bearing borrowings amounted to RMB19,991,895,000, all of which bore fixed interest rates. In particular, the balance of domestic bank loans was RMB17,872,704,000, with annual interest rates ranging from 3.10% to 6.4%; the balance of other loans amounted to RMB429,191,000, with annual interest rate of 4.99% to 6.8%; the balance of medium-term notes amounted to RMB1,290,000,000, with annual interest rates ranging from 3.49% to 6.30%; the balance of ultra-short-term commercial papers amounted to RMB400,000,000, with an annual interest rate of 3.00%. The relevant balances are set out as follows:

Interest-Bearing Bank and other Loans

	Total amount <i>RMB'000</i>	Within 1 year <i>RMB'000</i>	1 to 5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>
Loans from domestic banks	17,872,704	1,749,285	6,926,466	9,196,953
Other loans	429,191	164,201	210,450	54,540
Medium-term notes	1,290,000		1,290,000	
Ultra-short-term commercial papers	400,000	400,000		
Total (as at 30 June 2021)	<u>19,991,895</u>	<u>2,313,486</u>	<u>8,426,916</u>	<u>9,251,493</u>
Total (as at 31 December 2020)	<u>18,560,297</u>	<u>4,560,204</u>	<u>5,392,651</u>	<u>8,607,442</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 RMB41,936 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. In 2019, China CITIC Bank Corporation Limited (Chengdu Branch) transferred the entire loan balance under the Syndicated Contract to China Construction Bank Corporation (Sichuan Branch), and China Construction Bank Corporation (Sichuan Branch) became the leader in 2020. As at 30 June 2021, the balance of the syndicated loan for the project was RMB2,020 million.

In 2013, China Development Bank (Sichuan Branch) as leader formed a bank consortium with other three banks carrying out businesses in the PRC, 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 2021, the balance of the syndicated loan for the project amounted to RMB7,410 million.

In 2019, China Construction Bank Corporation (Sichuan Branch) and China Development Bank (Sichuan Branch) as leaders formed a bank consortium with five other banks carrying out businesses in the PRC, which signed a loan contract with the Group for a medium-long-term loan of RMB10,400 million. Such loan is specially used for Chengle Expressway Expansion Construction Project. As at 30 June 2021, the balance of the syndicated loan for the project was RMB3,385 million.

In 2020, China Construction Bank Corporation (Sichuan Branch) and China Merchants Bank Co., Ltd. (Chengdu Branch) as leaders formed a consortium with five other banks carrying out businesses in the PRC, which signed a loan contract with the Group for a medium-long-term loan of RMB6,948 million. Such loan is specially used for construction of the Tianqiong Expressway BOT Project. As at 30 June 2021, the balance of the syndicated loan for the project was RMB294 million.

Pledge of assets

As at 30 June 2021, the Group did not pledge any time deposits (31 December 2020: RMB15,000,000) for the performance guarantee of road construction project; mortgage security of RMB27,453,000 was provided for North Town Times Real Estate Project (31 December 2020: RMB33,291,000); the concession right to collect toll pertaining to Chengle Expressway with net carrying value of RMB6,482,284,000 (31 December 2020: RMB5,788,278,000) was pledged to secure the syndicated

loan amounting to RMB3,385,000,000 (31 December 2020: RMB2,590,000,000); the concession right to collect toll pertaining to Chengren Expressway with net carrying value of RMB6,380,718,000 (31 December 2020: RMB6,470,301,000) was pledged to secure the syndicated loan amounting to RMB2,019,697,000 (31 December 2020: RMB2,101,701,000); the concession right to collect toll pertaining to Suiguang-Suixi Expressways with net carrying value of RMB11,392,015,000 (31 December 2020: RMB11,662,808,000) was pledged to secure the syndicated loan amounting to RMB7,410,000,000 (31 December 2020: RMB7,610,000,000); the concession right to collect toll pertaining to Tianqiong Expressway with net carrying value of RMB1,118,799,000 was pledged to secure the bank loans amounting to RMB294,000,000; loans to customers with net carrying value of RMB1,629,216,000 (31 December 2020: RMB925,579,000) were used for the pledge of bank and other interest-bearing loans amounting to RMB1,134,007,000 (31 December 2020: RMB681,299,000); and the land use right with a total carrying value of RMB499,100,000 (31 December 2020: RMB499,100,000) was pledged to secure bank loans amounting to RMB40,000,000 (31 December 2020: RMB82,000,000).

Save as disclosed above, the Group did not have any other contingent liabilities, pledge of assets or guarantees as at 30 June 2021.

BUSINESS DEVELOPMENT PLAN

Based on analysis and review of our work and operations during the Reporting Period, and taking into account our forecast and judgement of future economic situation, policy environment and developments of the industry and our business in the second half of 2021, we have formulated the following work plan with a focus on our overall development plan and business objectives for the year of 2021:

- (1) Committing to project construction and acquisition to consolidate the foundation for the Company's development. We are well aware that our future hinges on the development of our principal operations. As such, the Company will work out progress schedules for key construction projects to strengthen supervision and ensure the progress of the Chengle Expressway Expansion Construction Project and the Tianqiong Expressway BOT Project. Meanwhile, the Company will proactively explore various channels for investment in road assets, including, among others, expansion and reconstruction of existing roads, acquisition of new road projects, and acquisition and merger of completed premium road projects, and increase its efforts in project development to lay a solid foundation for its sustainable and healthy development.
- (2) Improving economic efficiency by enhancing management and operation. The Company will strive to improve the quality and efficiency of its operation and management by tackling key issues and shoring up weaknesses. To this end, the Company will (i) strengthen toll collection management and work linkage mechanisms by carrying out special rectification actions; (ii) increase

its efforts to improve road maintenance management and introduce pavement maintenance technology with lower cost and higher efficiency; (iii) build a sound risk prevention and control system and improve such system by strengthening supervision over weak links, key positions and risk-prone areas; (iv) boost the development quality of market-driven subsidiaries to expand income streams and enhance profitability; and (v) adopt effective measure for safety, environmental protection and epidemic prevention, increase efforts to ensure smooth traffic and road safety and put in place proper response mechanisms to deal with any emergency during public holidays, flood season and major events, as well as continuing with its efforts in epidemic prevention and control and maintaining “zero infection”.

- (3) Enhancing capital operation and support and exploring ways for boosting financial efficiency. To further tighten budget and cost control and achieve better cost reduction and efficiency improvement and financial performance, the Company will strive to build a multi-channel, multi-level and multi-dimensional capital management and reserve system. To this end, the Company will (i) further expand its financing channels by actively identifying new financing methods; (ii) further improve capital management, keep tightening centralized fund management, and seek new ways to increase the value of existing financial resources; (iii) further strengthen budget management by monitoring the monthly implementation of key budget indicators and detecting, reporting and solving problems timely to ensure fulfilment of the indicators and manage deviations, and create a sound module for budget execution analysis within the financial system to provide a scientific basis for business decisions; and (iv) manage to further cut costs and enhance efficiency by strengthening cost analysis, revising the daily cost standards and strictly implementing cost budgets, and urge all subsidiaries to implement cost controls on all staff, elements and business processes and stringently implement cost budget, minimizing costs on every possible front.

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 2021, details of the Group's employees were as follows:

Number of in-service employees of the Company (including its branches)	2,409
Number of in-service employees of major subsidiaries	1,888
Total number of in-service employees	<u>4,297</u>
Number of retired employees for which the Company (including its branches) and its major subsidiaries are liable to bear costs	<u>Nil</u>

Composition of expertise

Type of Expertise	Number of employees
Production	3,027
Sales	20
Technical	529
Financial	141
Administrative	580
Total	<u>4,297</u>

Education level

Type of Education Level	Number of employees
Postgraduate	231
University graduate	1,347
Junior college graduate	1,790
Technical secondary school and below	929
Total	<u>4,297</u>

1. Employees' remuneration

The total remuneration of the Company's employees is linked to the operating results of the Company. Employees' salaries comprise basic salaries, which are determined based on their individual position and length of service, and performance-based bonus. During the Reporting Period, employees' salaries incurred by the Group amounted to approximately RMB271,496,150, of which approximately RMB153,194,650 was for the employees of the Company (including its branches).

2. Employees' insurance and welfare

The Company cherishes employees and protects their lawful interests. The Company has improved various types of social insurance for employees in strict compliance with all applicable PRC labor security policies. 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 places high importance on staff training and provides trainings of various aspects and types to improve the comprehensive quality and business standard of its staff. During the Reporting Period, the Company has organized various centralized and specific trainings such as job-specific skills for technicians and continuing education for professional technical staff. A total of 11,924 attendances of employees of the Company (including its branches) was recorded for the above training courses.

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 duties, authority and code of conduct for all parties. In accordance with laws, regulations and the governance rules, the general meeting, the Board, the Supervisory Committee and the management of the Company discharge their own duties, coordinate with each other and effectively counter-balance each other, and continuously enhance corporate governance standards, thereby laying a solid foundation for driving the Company's development and maximizing value for the Shareholders.

2. Corporate Governance Code

As a listed company with both A Shares and H Shares, in addition to complying with the applicable laws and regulations, the Company is also required to comply with the requirements of the Corporate Governance Code as set out in Appendix 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 announcement, the Company has been in compliance with the Code of Corporate Governance for Listed Companies in all major respects in terms of corporate governance, and has adopted and fully complied with the requirements of the Corporate Governance Code.

3. Audit Committee

As at the date of this announcement, the Audit Committee of the Company comprises three independent non-executive Directors including Madam Bu Danlu, Madam Liu Lina and Mr. Yan Qixiang, all of whom are all professionals experienced in finance and transportation fields. The Audit Committee has reviewed and confirmed the unaudited interim condensed financial information and interim results report of the Group for the half year ended 30 June 2021.

4. Model Code for Securities Transactions by Directors and Supervisors

During the Reporting Period, the Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms not less exacting than the required standards set out in the Model Code 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 after the Reporting Period that requires additional disclosures or might affect the Group.

PUBLICATION OF THE INTERIM REPORT

The Company's interim report for the half year ended 30 June 2021 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).

NAMES OF EXPRESSWAY PROJECTS

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 Technology Company	Sichuan Chengyu Transportation Technology Development Co., Ltd. *(四川成渝交通科技發展有限公司) (formerly known as Sichuan Chengyu Education Investment Co., Ltd.* (四川成渝教育投資有限公司) (abbreviated as Chengyu Education Company), renamed to the current one upon change in its scope of business on 21 May 2021)

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.”)
Transportation Construction Company	Sichuan Transportation Construction Group Co., Ltd.* (四川省交通建設集團股份有限公司) (formerly known as Sichuan Trading Construction Engineering Co., Ltd.* (四川交投建設工程股份有限公司), renamed to the current one on 9 March 2021)
Zhonglu Energy Company	Sichuan Zhonglu Energy Company Limited
Zhongxin Company	Sichuan Zhongxin Assets Management Co., Ltd.
OTHERS	
2020 AGM	the 2020 annual general meeting of the Company convened on Tuesday, 25 May 2021, 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 mainboard of the Stock Exchange
HKD or HK\$	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange and/or the Rules Governing the Listing of Securities on the SSE (as the case may be)
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 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	the six months ended 30 June 2021
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 former 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 under 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	supervisory committee of the Company

Trading Property Company	Sichuan Trading Property Company Limited (四川交投地產有限公司) (previously known as Sichuan Trading Landmark Company Limited* 四川交投置地有限公司)
Shudao Investment	Shudao Investment Group Company Limited, the controlling shareholder of the Company
Shudao Group	Shudao Investment and its subsidiaries
SRIG	Sichuan Railway Investment Group Co., LTD* (四川省鐵路產業投資集團有限責任公司)
SRIG Group	SRIG and its subsidiaries

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

Chengdu, Sichuan, the PRC
26 August 2021

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, Mr. Yu Haizong, Madam Liu Lina, Mr. Yan Qixiang and Madam Bu Danlu as independent non-executive Directors.

* *For identification purpose only*