

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



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

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

(Stock Code: 00107)

2022 ANNUAL RESULTS ANNOUNCEMENT

HIGHLIGHTS

- Net revenue increased by approximately 10.56% to approximately RMB9,763,056,000
- Profit attributable to owners of the Company decreased by approximately 59.12% to approximately RMB764,821,000
- Earnings per share decreased by approximately 59.15% to approximately RMB0.250
- Proposed payment of 2022 final cash dividend of RMB0.10 (tax inclusive) (2021: RMB0.11 (tax inclusive)) per share

The Board announces the audited consolidated results of the Group for the year ended 31 December 2022, prepared in conformity with the accounting principles generally accepted in Hong Kong (as stated in details in note 2.1 to the consolidated financial statements), together with comparative figures for last year as follows (the data herein are presented in RMB except where otherwise indicated).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

31 December 2022

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
REVENUE	3,4	9,763,056	8,830,296
Cost of sales		<u>(8,134,300)</u>	<u>(6,696,983)</u>
Gross profit		1,628,756	2,133,313
Other income and gains	4	271,250	1,153,472
Administrative expenses		(354,966)	(367,385)
Other expenses		(62,609)	(88,042)
Finance costs	5	(425,603)	(583,565)
Share of profits and losses of:			
Joint ventures		8,880	13,628
Associates		<u>23,271</u>	<u>26,775</u>
PROFIT BEFORE TAX	6	<u>1,088,979</u>	<u>2,288,196</u>
Income tax expense	7	<u>(272,104)</u>	<u>(337,180)</u>
PROFIT FOR THE YEAR		<u>816,875</u>	<u>1,951,016</u>
Attributable to:			
Owners of the Company		764,821	1,870,856
Non-controlling interests		<u>52,054</u>	<u>80,160</u>
		<u>816,875</u>	<u>1,951,016</u>

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments at fair value through other comprehensive income:			
Changes in fair value		13,373	237,748
Income tax effect		(1,601)	(34,577)
		<u>11,772</u>	<u>203,171</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX			
		<u>11,772</u>	<u>203,171</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
		<u>828,647</u>	<u>2,154,187</u>
Attributable to:			
Owners of the Company		777,059	2,074,891
Non-controlling interests		51,588	79,296
		<u>828,647</u>	<u>2,154,187</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	8	<u>RMB0.250</u>	<u>RMB0.612</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

		2022	2021
	Notes	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		756,132	710,177
Service concession arrangements	9	32,951,568	29,368,853
Right-of-use assets		317,762	366,747
Goodwill		7,583	–
Investments in joint ventures		128,796	137,169
Investments in associates		472,804	305,001
Equity investments designated at fair value through other comprehensive income		93,233	449,055
Financial assets at fair value through profit or loss		28,777	–
Loans to customers		–	1,419,757
Long term compensation receivables		–	3,351
Payments in advance		426,785	550,980
Contract assets		–	31,000
Deferred tax assets		34,971	15,738
Restricted deposits		112	38
		<hr/>	<hr/>
Total non-current assets		35,218,523	33,357,866
CURRENT ASSETS			
Inventories		30,076	63,069
Loans to customers		–	1,382,359
Trade and other receivables	10	2,267,651	2,004,388
Financial assets at fair value through profit or loss		365	417
Cash and cash equivalents		2,552,021	3,837,070
Restricted deposits		–	2,328
		<hr/>	<hr/>
Total current assets		4,850,113	7,289,631

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
CURRENT LIABILITIES			
Tax payable		144,957	119,012
Trade and other payables	11	1,685,430	1,841,903
Contract liabilities		9,136	–
Interest-bearing bank and other borrowings	12	1,890,472	1,469,173
Derivative financial instruments		–	2,548
		<hr/>	<hr/>
Total current liabilities		3,729,995	3,432,636
		<hr/>	<hr/>
NET CURRENT ASSETS		1,120,118	3,856,995
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		36,338,641	37,214,861
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	12	17,404,990	18,513,140
Deferred tax liabilities		1,275	12,995
Deferred income	11	211,757	240,265
		<hr/>	<hr/>
Total non-current liabilities		17,618,022	18,766,400
		<hr/>	<hr/>
Net assets		18,720,619	18,448,461
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the company			
Issued capital	13	3,058,060	3,058,060
Reserves	14	14,747,607	14,306,935
		<hr/>	<hr/>
		17,805,667	17,364,995
		<hr/>	<hr/>
Non-controlling interests		914,952	1,083,466
		<hr/>	<hr/>
Total equity		18,720,619	18,448,461
		<hr/>	<hr/>

NOTES TO FINANCIAL STATEMENTS

31 December 2022

1. CORPORATE AND GROUP INFORMATION

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

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

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

In the opinion of the Directors, Shudao Investment Group Company Limited is the parent and the ultimate holding company of the Company, which is established in the PRC.

2.1 BASIS OF PREPARATION

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “Conceptual Framework”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(a) continued

not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(d) *Annual Improvements to HKFRSs 2018–2020* set out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- *HKFRS 9 Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

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

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

3. OPERATING SEGMENT INFORMATION (CONTINUED)

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

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

During the year ended 31 December 2022, the Company has approved and passed the outline of the "14th Five-Year" development plan. The management has revised other reportable segments and revised the Group's internal reporting, in which the old segment "Toll roads and bridges" and "Others" were renamed as the new segment "Expressways" and "New Energy Technologies", respectively. The transportation services related businesses in old segment "City Operation" and "Energy Investment" were combined into the new segment "Transportation Services". The construction services related businesses and logistics related businesses in old segment "City Operation" were split into the new segment "Construction services" and "Transportation Logistics". The remaining businesses were merged into segment "Others". As a result of the changes to reportable segments and segment presentation, the prior year segment information for the year ended 31 December 2021 has been re-presented to conform with the revised presentation.

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2022

	Expressways <i>RMB'000</i>	New Energy Technologies <i>RMB'000</i>	Transportation Services <i>RMB'000</i>	Transportation Logistics <i>RMB'000</i>	Construction Services <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
SEGMENT REVENUE							
<i>(note 4)</i>	3,102,301	11,665	1,962,054	322,397	4,210,364	154,275	9,763,056
SEGMENT RESULTS	1,018,147	975	135,273	20,252	72,022	87,995	1,334,664
Reconciliation:							
Gain on disposal of a subsidiary							10,660
Unallocated income and gains							98,970
Corporate and other unallocated expenses							<u>(355,315)</u>
Profit before tax							<u><u>1,088,979</u></u>
SEGMENT ASSETS	34,384,955	93,862	277,068	338,578	1,923,698	333,413	37,351,574
Reconciliation:							
Equity investments designated at fair value through other comprehensive income							93,233
Financial assets at fair value through profit or loss							29,142
Goodwill							7,583
Deferred tax assets							34,971
Restricted deposits							112
Cash and cash equivalents							<u>2,552,021</u>
Total assets							<u><u>40,068,636</u></u>

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2022 (continued)

	Expressways RMB'000	New Energy Technologies RMB'000	Transportation Services RMB'000	Transportation Logistics RMB'000	Construction Services RMB'000	Others RMB'000	Total RMB'000
SEGMENT LIABILITIES	19,854,206	11,483	98,231	28,076	1,336,839	19,182	<u>21,348,017</u>
Total liabilities							<u><u>21,348,017</u></u>
OTHER SEGMENT INFORMATION							
Share of profits and losses of associates	9,479	-	-	984	-	12,808	23,271
Share of profits and losses of joint ventures	8,880	-	-	-	-	-	8,880
Impairment loss on other receivables	-	-	-	(37,303)	-	-	(37,303)
Reversal of impairment loss of trade receivables	-	-	-	13,645	-	-	13,645
Finance cost	386,908	37,967	84	609	-	35	425,603
Depreciation and amortisation	988,112	2,254	13,961	2,129	7,385	2,131	1,015,972
Investments in associates	68,121	-	-	73,203	-	331,480	472,804
Investments in joint ventures	128,796	-	-	-	-	-	128,796
Capital expenditure*	<u>4,478,217</u>	<u>81,213</u>	<u>12,063</u>	<u>1,083</u>	<u>12,936</u>	<u>1,721</u>	<u>4,587,233</u>

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

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2021

	Expressways <i>RMB'000</i>	New Energy Technologies <i>RMB'000</i>	Transportation Services <i>RMB'000</i>	Transportation Logistics <i>RMB'000</i>	Construction Services <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
SEGMENT REVENUE							
<i>(note 4)</i>	3,465,849	-	1,899,217	36,611	2,610,855	817,764	8,830,296
SEGMENT RESULTS	1,223,489	(92)	193,343	2,191	63,776	188,154	1,670,861
Reconciliation:							
Gain on disposal of a subsidiary							899,409
Unallocated income and gains							99,762
Corporate and other unallocated expenses							<u>(381,836)</u>
Profit before tax							<u><u>2,288,196</u></u>
SEGMENT ASSETS	31,002,736	1,964	315,431	222,515	1,807,514	2,992,691	36,342,851
Reconciliation:							
Equity investments designated at fair value through other comprehensive income							449,055
Financial assets at fair value through profit or loss							417
Deferred tax assets							15,738
Restricted deposits							2,366
Cash and cash equivalents							<u>3,837,070</u>
Total assets							<u><u>40,647,497</u></u>

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2021 (continued)

	Expressways <i>RMB'000</i>	New Energy Technologies <i>RMB'000</i>	Transportation Services <i>RMB'000</i>	Transportation Logistics <i>RMB'000</i>	Construction Services <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
SEGMENT LIABILITIES	19,348,857	1,600	100,053	12,191	1,309,247	1,424,540	22,196,488
Reconciliation:							
Derivative financial instruments							2,548
Total liabilities							22,199,036
OTHER SEGMENT INFORMATION							
Share of profits and losses of associates	17,143	–	–	1,219	–	8,413	26,775
Share of profits and losses of joint ventures	11,573	–	–	–	–	2,055	13,628
Finance cost	503,665	68	1,179	162	39,724	38,767	583,565
Depreciation and amortisation	925,492	967	24,149	496	2,833	3,641	957,578
Investments in associates	75,784	–	–	73,304	–	155,913	305,001
Investments in joint ventures	133,060	–	–	–	–	4,109	137,169
Capital expenditure*	2,730,651	10	14,980	31	232	19,414	2,765,318

Entity-wide disclosures

Geographical information

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

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Entity-wide disclosures (continued)

Information about major customers

During the year ended 31 December 2022, no revenue derived from a single customer accounted for 10% or more of the Group's total revenue.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2022	2021
	RMB'000	RMB'000
Revenue from contracts with customers	9,591,906	8,606,123
Revenue from other sources		
Finance leasing	153,987	198,241
Commercial factoring	288	936
Gross rental income from operating leases:		
Other lease payments, including fixed payments	16,875	24,996
	171,150	224,173
	9,763,056	8,830,296

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue with contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2022

Segments

	Expressways <i>RMB'000</i>	New Energy Technologies <i>RMB'000</i>	Transportation Services <i>RMB'000</i>	Transportation Logistics <i>RMB'000</i>	Construction Services <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services						
Toll income	3,102,301	-	-	-	-	3,102,301
Construction services	-	-	-	-	4,210,364	4,210,364
Sale of products	-	2,885	1,889,699	322,397	-	2,214,981
Charging services for electric vehicles	-	8,780	-	-	-	8,780
Others	-	-	55,480	-	-	55,480
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>3,102,301</u>	<u>11,665</u>	<u>1,945,179</u>	<u>322,397</u>	<u>4,210,364</u>	<u>9,591,906</u>

Geographical market

Revenues under HKFRS 15 are all generated in Mainland China.

Timing of revenue recognition

Goods transferred at a point in time	3,102,301	11,665	1,945,179	322,397	-	5,381,542
Services transferred over time	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-	4,210,364	4,210,364
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>3,102,301</u>	<u>11,665</u>	<u>1,945,179</u>	<u>322,397</u>	<u>4,210,364</u>	<u>9,591,906</u>

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue with contracts with customers (continued)

(a) Disaggregated revenue information (continued)

For the year ended 31 December 2021

Segments

	Expressways <i>RMB'000</i>	Transportation Services <i>RMB'000</i>	Transportation Logistics <i>RMB'000</i>	Construction Services <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services						
Toll income	3,465,849	-	-	-	-	3,465,849
Construction services	-	-	-	2,610,855	-	2,610,855
Sale of products	-	1,811,440	36,611	-	-	1,848,051
Property development	-	-	-	-	618,587	618,587
Others	-	62,781	-	-	-	62,781
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>3,465,849</u>	<u>1,874,221</u>	<u>36,611</u>	<u>2,610,855</u>	<u>618,587</u>	<u>8,606,123</u>

Geographical market

Revenues under HKFRS 15 are all generated in Mainland China.

Timing of revenue recognition

Goods transferred at a point in time	3,465,849	1,874,221	36,611	-	618,587	5,995,268
Services transferred over time	<hr/>	<hr/>	<hr/>	<u>2,610,855</u>	<hr/>	<u>2,610,855</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>3,465,849</u>	<u>1,874,221</u>	<u>36,611</u>	<u>2,610,855</u>	<u>618,587</u>	<u>8,606,123</u>

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (continued)

(a) *Disaggregated revenue information (continued)*

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

	2022	2021
	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
– Property development	<u>–</u>	<u>618,587</u>

(b) *Performance obligations*

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

Toll income

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

Sale of products

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

Construction services

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

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (continued)

(b) Performance obligations (continued)

Charging services for electric vehicles

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

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

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	5,192,259	4,858,598
After one year	7,976,069	5,095,888
	<u>13,168,328</u>	<u>9,954,486</u>

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

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Other income and gains		
Interest income from bank deposits	56,832	45,072
Interest income from discounting long-term compensation receivables	1,885	3,342
Interest income arising from construction contracts	109,846	77,653
Interest income from a related party	99	15,644
	<u>168,662</u>	<u>141,711</u>
Rental income from operating leases of other lease payments, including fixed payments	4,409	4,909
Government grants*	33,994	41,693
Dividend income from equity investments designated at fair value through other comprehensive income	7,130	6,993
Dividend income from financial assets at fair value through profit or loss	13	21
Road damage compensation income	21,891	29,219
Gain on disposal of financial assets on at fair value through profit or loss	22	240
Gain on disposal of subsidiaries	10,660	899,409
Gain on disposal of properties under development	–	26,584
Foreign exchange gains, net	–	1,598
Reversal of impairment loss of trade receivables	13,645	–
Fair value gain on derivative financial instruments	3,448	–
Fair value gain on remeasurement of a previously held equity interest in a joint venture at the date of business combination	3,641	–
Miscellaneous	3,735	1,095
	<u>271,250</u>	<u>1,153,472</u>
Total other income and gains	<u>271,250</u>	<u>1,153,472</u>

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

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2022	2021
	RMB'000	RMB'000
Interest on bank and other borrowings	775,581	828,408
Interest on super short term commercial papers	–	5,918
Interest on medium term notes	53,315	49,485
Interest on lease liabilities	6,716	7,439
	835,612	891,250
Less:		
Interest capitalised in respect of:		
– Service concession arrangements (<i>note 9(d)</i>)	(329,568)	(200,369)
– Properties under development	–	(9,063)
Interest recorded under cost of sales	(80,441)	(98,253)
	425,603	583,565
Interest rate of borrowing costs capitalised	3.57%-3.92%	3.92%-6.8%

6. PROFIT BEFORE TAX

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

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
Employee benefit expenses (including directors', chief executive's and supervisors' remuneration :			
Wages and salaries		564,723	550,038
Pension scheme contributions* – Defined contribution fund		91,856	88,225
Housing fund* – Defined contribution fund		62,355	59,434
Supplementary pension scheme* – Defined contribution fund		22,774	24,126
Other staff benefits		133,857	130,671
		<hr/>	<hr/>
Employee benefit expense**		875,565	852,494
		<hr/>	<hr/>
Depreciation of property, plant and equipment		104,144	93,273
Amortisation of service concession arrangements		847,194	802,374
Depreciation of right-of-use assets		64,634	61,931
		<hr/>	<hr/>
Depreciation and amortisation expenses**		1,015,972	957,578
		<hr/>	<hr/>
Construction costs in respect of:			
– Service concession arrangements**		4,100,341	2,500,606
– Construction works performed for other parties**		98,189	108,110
		<hr/>	<hr/>
Construction costs		4,198,530	2,608,716
		<hr/>	<hr/>

6. PROFIT BEFORE TAX (CONTINUED)

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
Cost of sales		2,010,025	1,565,316
Cost of properties sold		–	472,121
Cost of finance lease operation		80,441	98,253
Cost of charging services		5,038	–
Repairs and maintenance		159,443	217,794
Lease payments not included in the measurement of lease liabilities		1,484	4,009
Auditor's remuneration		3,682	3,120
Loss on disposal of items of property, plant and equipment		5,191	307
Loss on disposal of items of service concession arrangements		–	2,269
Impairment loss on loans to customers		–	52,359
Impairment loss on trade receivables		–	736
Impairment loss on other receivables	10(c)	37,303	1,839
Fair value loss on derivative financial instruments		–	2,618
Fair value loss on financial assets at fair value through profit or loss		213	–
Foreign exchange losses, net		9,567	–

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

** During the year, employee costs of RMB60,958,000 (2021: RMB44,730,000), and depreciation and amortisation charges of RMB5,487,000 (2021: RMB2,368,000) were included in construction costs.

7. INCOME TAX

No Hong Kong profits tax has been provided as no assessable profits were earned in or derived from Hong Kong during the two years ended 31 December 2022 and 2021.

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

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

For entities within the scope of the transportation industry, i.e., the Company, Chengle Company, Chengbei Company, Shuxia and Chengdu Airport Expressway Company Limited, an associate of the Company, which have been approved to enjoy the preferential tax rate of 15% before 2016 and have not changed their business operations, income tax of these entities for the year ended 31 December 2022 continued to be calculated at a tax rate of 15%.

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

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Current – Mainland China		
Charge for the year	272,952	346,673
Underprovision/(overprovision)in prior years	4,417	(1,583)
Deferred	(5,265)	(7,910)
Total tax charge for the year	<u>272,104</u>	<u>337,180</u>

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

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company, and the number of ordinary shares of 3,058,060,000 (2021: 3,058,060,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2022 and 2021 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

9. SERVICE CONCESSION ARRANGEMENTS

- (a) At 31 December 2022, the concession rights pertaining to certain expressways with net carrying amounts listed below were pledged to secure bank loans granted to the Group (note 12(a)):

	2022	2021
	RMB'000	RMB'000
Chengle Expressway	10,566,731	7,911,826
Chengren Expressway	6,102,008	6,290,814
Tianqiong Expressway	3,012,674	1,319,033
Suiguang Expressway and Suixi Expressway	11,099,484	11,312,363
	<u>30,780,897</u>	<u>26,834,036</u>

- (b) During the year, the Group was in the construction of the Chengle Expressway Expansion Construction Project, Tianqiong Expressway Build-Operate-Transfer (“BOT”) Project and Chengya Oil Meishan Gas Station Construction Project. Total costs of RMB4,429,909,000 (2021: RMB2,700,975,000) including construction costs of RMB4,100,341,000 and capitalised borrowing costs of RMB329,568,000 were incurred, among which RMB4,100,341,000 (2021: RMB2,500,606,000) was sub-contracted to third party subcontractors.
- (c) Construction revenue of RMB4,100,341,000 (2021: RMB2,500,606,000) was mainly recognised in respect of the construction service provided by the Group for the Chengle Expressway Expansion Construction Project, Tianqiong Expressway BOT Project and Chengya Oil Meishan Gas Station Construction Project using the input method during the year. Construction revenue was included in the additions to service concession arrangements which should be amortised upon the Group is granted the rights to charge the users under the service concession arrangements of the above mentioned projects.
- (d) Additions to service concession arrangements during the year included interest capitalised in respect of bank loans amounting to RMB329,568,000 (2021: RMB200,369,000) (note 5).

10. TRADE AND OTHER RECEIVABLES

		2022	2021
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables			
Trade receivables		1,693,594	1,726,499
Impairment		(37,601)	(51,246)
		<hr/>	<hr/>
Trade receivables, net	(a)	1,655,993	1,675,253
Bills receivable		220,432	–
		<hr/>	<hr/>
		1,876,425	1,675,253
		<hr/>	<hr/>
Other receivables			
Deposit and other receivables	(b)	478,275	375,812
Impairment	(c)	(134,406)	(97,103)
		<hr/>	<hr/>
		343,869	278,709
Prepayments		47,357	50,426
		<hr/>	<hr/>
Other receivables, net		391,226	329,135
		<hr/>	<hr/>
Total trade and other receivables		<u>2,267,651</u>	<u>2,004,388</u>

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

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

The term of commercial factoring contracts ranged from one year to two years since the effective date of the relevant factoring contracts. The Group's credit terms of trade receivables arising from commercial factoring are generally on a 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 customer is considered on a case-by-case basis and is set out in the respective construction contracts, as appropriate.

According to the contracts governing the relevant construction works, trade receivables of RMB1,075,667,000 as at 31 December 2022 (2021: RMB1,097,114,000) are to be settled by instalments within two to thirteen years upon completion of the relevant construction works and bear interest at rates ranging from 4.75% to 14.98% (2021: 4.75% to 14.98%) per annum. The remaining trade receivables are non-interest-bearing.

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 3 months	168,417	928,478
3 to 6 months	12,494	51
6 to 12 months	19,390	1,459
Over 1 year	<u>1,455,692</u>	<u>745,265</u>
	<u>1,655,993</u>	<u>1,675,253</u>

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

	RMB'000	RMB'000
At beginning of year	51,246	50,510
Provision for/(reversal of) loss allowance (<i>note 4,6</i>)	(13,645)	736
	<u>37,601</u>	<u>51,246</u>
At end of year	<u>37,601</u>	<u>51,246</u>

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

(a) (continued)

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

As at 31 December 2022, the Group’s major receivables are from government agencies, state-owned enterprises and a number of diversified customers. In view of the history of business dealings with the debtors and the sound collection history of the receivables due from them, the Group believes that there is no significant credit risk with these receivables. Management keeps reviewing and assessing the creditworthiness of the Group’s existing customers on an ongoing basis based on historical payment records, the length of the overdue period, background and reputation of the debtors, the financial strength of the debtors and whether there are any disputes with the debtors. Except for the loss allowance for impairment of trade receivables mentioned above, no additional ECL was provided as the directors consider that the expected credit risks of these receivables are minimal.

(b) The Group’s deposits and other receivables at 31 December 2022 are analysed as follows:

	2022 <i>RMB’000</i>	2021 <i>RMB’000</i>
Up-front payment of construction contracts	37,186	25,119
Interest receivables on temporary advances and construction revenue	5,505	5,505
Long-term compensation receivables to be received within one year	3,351	11,002
Toll income receivables	68,801	100,398
Deductible input value-added tax	141,129	82,871
Deposits	4,520	7,495
Interest receivables	4,003	347
Miscellaneous	213,780	143,075
	<u>478,275</u>	<u>375,812</u>
Impairment allowance	<u>(134,406)</u>	<u>(97,103)</u>
	<u><u>343,869</u></u>	<u><u>278,709</u></u>

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
At beginning of year	97,103	95,264
Provision for loss allowance (<i>note 6</i>)	<u>37,303</u>	<u>1,839</u>
At end of year	<u><u>134,406</u></u>	<u><u>97,103</u></u>

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

In determining the ECLs for other receivables, the directors of the Company have taken into account the historical default experience and the future prospects of the industries and/or considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the other receivables and other current assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. Except for certain disputed other receivables which had been fully impaired, the Group has assessed and concluded that the risk of default rate for the other instruments was minimal as at 31 December 2022 since the counterparties to these instruments have a high credit rating.

11. TRADE AND OTHER PAYABLES

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade payables	(a)	62,640	34,684
Other payables	(b)	1,541,775	1,725,297
Accruals		52,210	53,299
Deferred income		240,562	268,888
		<u>1,897,187</u>	<u>2,082,168</u>
Non-current portion		<u>(211,757)</u>	<u>(240,265)</u>
Portion clarified as current liabilities		<u>1,685,430</u>	<u>1,841,903</u>

Notes:

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 3 months	45,788	12,613
3 to 6 months	595	13,246
6 to 12 months	3,967	338
Over 1 year	12,290	8,487
	<u>62,640</u>	<u>34,684</u>

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

11. TRADE AND OTHER PAYABLES (CONTINUED)

Notes: (Continued)

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Advances	12,524	39,411
Inter-network toll collection	38,666	43,547
Payroll and welfare payables	239,295	230,739
Taxes and surcharge payables	29,240	32,066
Progress billing payables	720,455	787,163
Retention payables	157,993	168,164
Deposits	84,578	177,546
Others	259,024	246,661
	<u>1,541,775</u>	<u>1,725,297</u>

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	2022 RMB'000	2021 RMB'000
Bank loans:			
Secured	(a)	15,160,460	15,301,870
Unsecured		2,710,950	3,170,000
Medium term notes	(b)	1,290,000	1,290,000
Other borrowings, secured		–	72,653
Lease liabilities		134,052	147,790
		<u>19,295,462</u>	<u>19,982,313</u>

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

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

(a) Bank loans were secured by:

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i> <i>(Bank loan amount)</i>
Secured by concession rights of:	9(a)		
Chengle Expressway		4,825,230	4,385,230
Chengren Expressway		1,555,004	1,828,353
Tianqiong Expressway		1,970,226	667,000
Suiguang Expressway and Suixi Expressway		6,810,000	7,210,000
		15,160,460	14,090,583
Secured by loans to customers		–	1,211,287
		15,160,460	15,301,870

The bank loans bear interest at rates ranging from 3.15% to 4.90% (2021: 2.23% to 6.40%) per annum.

(b) As at 31 December 2022, the Company had two (2021: two) tranches of outstanding medium term notes totalling RMB1,290,000,000 (2021: RMB1,290,000,000) issued to domestic institutional investors participating in the PRC interbank debt market. The effective interest rates for these medium term notes ranged from 3.49% to 6.30% (2021: 3.49% to 6.30%) per annum. These medium term notes were issued at a par value of RMB100 per unit, and will be repaid between July 2024 and May 2026, respectively, with an original maturity period of ten years and five years, respectively.

13. ISSUED CAPITAL

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Issued and fully paid:		
A Shares of 2,162,740,000 (2021: 2,162,740,000) of RMB1.00 each	2,162,740	2,162,740
H Shares of 895,320,000 (2021: 895,320,000) of RMB1.00 each	895,320	895,320
	<u>3,058,060</u>	<u>3,058,060</u>

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

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

14. RESERVES

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

15. DIVIDENDS

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Proposed final – RMB0.100 (2021: RMB0.110) per ordinary share	<u>305,806</u>	<u>336,387</u>

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

RESULTS AND DIVIDENDS

For the year of 2022, the net revenue of the Group amounted to approximately RMB9,763,056,000, representing an increase of approximately 10.56% as compared with last year; the profit attributable to owners of the Company amounted to approximately RMB764,821,000, representing an decrease of approximately 59.12% as compared with last year; and basic earnings per share were approximately RMB0.250 (2021: approximately RMB0.612).

As at 31 December 2022, the Group's total assets and net assets were approximately RMB40,068,636,000 and RMB18,720,619,000, respectively.

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

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

The Board has recommended a final cash dividend for the year 2022 of RMB0.10 per ordinary share (tax inclusive), aggregating to approximately RMB305,806,000, representing 47.96% of the profit available for distribution to the Shareholders recognized by the Company for the Year in accordance with the PRC Accounting Standards, and representing 40.12% of the profit attributable to the owners of the Company (calculated in accordance with the PRC Accounting Standards) in the consolidated financial statements.

The proposed dividend is subject to approval at the forthcoming 2022 Annual General Meeting of the Company. If approved, the final dividend is expected to be paid on or around Friday, 14 July 2023 to the Shareholders whose names appear on the H Shares register of members of the Company on Wednesday, 14 June 2023 (the “**Dividend Entitlement Date**”). In respect of the arrangement in relation to the closures of H Shares register of members for the purposes of determining the Shareholders’ entitlement to attend the 2022 AGM and to receive the 2022 final dividend, please refer to the paragraph headed “**CLOSURES OF REGISTER OF MEMBERS OF H SHARES**” below.

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

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

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

DISTRIBUTION OF DIVIDENDS TO INVESTORS UNDER SOUTHBOUND TRADING LINK

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

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

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

BUSINESS REVIEW AND ANALYSIS

Results overview

The Group is principally engaged in the investment, construction, operation and management of expressway infrastructure projects and the expansion of traditional core businesses of derivative economy along the expressway, as well as the foster and development of the second main business of green energy with a focus on “charging, battery bank + power replacement and hydrogen energy”. In 2022, as the international environment became more complex and severe, the downward pressure on the domestic economy intensified and the progress of the Company’s achieving its economic targets were affected to certain extent by the combined factors of diversion of traffic flow of road network and power supply curtailment during high temperature period as well as decline in demand for public travel. The Group, withstanding the pressure, facing up to the difficulties and sticking to its original aspiration, expanded its business, strengthened protection and prevented risks, accelerated the construction of key projects and built a solid foundation for its advantageous industries; made every effort to strengthen cost control and improve quality, deeply integrated its internal resources and did a good job in cost control; actively focused on its main responsibilities in expressways and green energy which were its principal businesses, promoted the road of transformation and upgrading, and explored the path of smooth implementation of the Group’s “14th Five-Year” development plan.

The net revenue of the Group amounted to approximately RMB9,763,056,000 this year, representing an increase of approximately 10.56% year-on-year. In particular, the expressway segment achieved net revenue of approximately RMB3,102,301,000, representing a year-on-year decrease of approximately 10.49%; the new energy technology segment achieved net revenue of approximately RMB11,665,000, representing a year-on-year increase of approximately RMB11,665,000; the transportation services segment achieved net revenue of approximately RMB1,962,054,000, representing a year-on-year increase of approximately 3.31%; the transportation logistics segment achieved net revenue of approximately RMB322,397,000, representing a year-on-year increase of approximately 780.60%; the construction services segment achieved net revenue of approximately RMB4,210,364,000, representing a year-on-year increase of approximately 61.26%; others segment achieved net revenue of approximately RMB154,275,000, representing a year-on-year decrease of approximately 81.13%. The profit attributable to the owners of the Company was approximately RMB764,821,000, representing a decrease of 59.12% year-on-year. Basic earnings per Share were approximately RMB0.250 (2021: approximately RMB0.612). As at 31 December 2022, the Group’s total assets amounted to approximately RMB40,068,636,000 and net assets amounted to approximately RMB18,720,619,000.

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

	Revenue for 2022 (after deduction of turnover tax) (RMB '000)	Year-on-year increase/ (decrease) in revenue for 2022 (%)	Profit/(loss) for 2022 (RMB '000)	Year-on-year increase/ (decrease) in profit/(loss) for 2022 (%)
Chengyu Branch ^(Note 1, 2)	650,559	(13.83)	159,096	(33.31)
Chengya Branch ^(Note 1, 2)	887,470	(13.53)	397,007	(18.66)
Chengren Branch ^(Note 1, 2)	686,731	(21.04)	218,975	(33.26)
Chengle Company ^(Note 3)	424,880	27.85	189,550	64.44
Chengbei Company ^(Note 4)	105,735	(13.50)	44,010	(18.95)
Suiguang-Suixi Company	346,926	(3.73)	(351,749)	(2.06)
Shunan Company ^(Note 5)	(31)	N/A	38,851	178.63
Renshou Shunan Company ^(Note 6)	(271)	82.74	28,361	110.46
Shunan Chengxing Company ^(Note 7)	10,482	210.58	29,634	(7.65)
Lushan Shuhan Company ^(Note 8)	106,425	10.68	6,060	(15.65)
Lushan Shunan Company ^(Note 9)	31,326	329.36	2,366	237.52
Shuhong Company ^(Note 10)	24,625	212.34	(10,768)	(561.35)
Shuxia Company ^(Note 11)	67,819	(36.47)	9,235	(65.21)
Chengyu Advertising Company ^(Note 12)	3,294	(18.59)	(2,420)	10.81
Chengyu Logistics Company	–	N/A	–	N/A
Intermodal Transportation Company ^(Note 13)	322,397	780.60	(37,811)	(2,665.20)
Chengyu Supply Chain Management Company ^(Note 14)	288	(69.23)	15,200	1,283.80
Shudao Chengyu Investment Company	–	N/A	(5,400)	(14.83)
Chengya Oil Company ^(Note 15)	763,106	8.19	39,077	(20.99)
Zhonglu Energy Company ^(Note 15)	1,105,230	1.77	31,336	(39.02)
Renshou Landmark Company	–	(100.00)	–	(100.00)
Chengyu Financial Leasing Company ^(Note 16)	154,162	(22.32)	41,541	103.90
Shudao New Energy Company ^(Note 17)	11,664	46,556.00	(5,938)	(349.71)
Chengyu Private Equity Fund Management Company ^(Note 18)	326	N/A	(1,917)	N/A
CSI SCE ^(Note 19)	–	N/A	2,679	919.27

- Note 1:* When calculating the profits of Chengyu Branch, Chengya Branch and Chengren Branch, the impact of income tax (15%) was taken into account.
- Note 2:* Chengyu Branch, Chengya Branch and Chengren Branch recorded a decrease of RMB104,375,000 or 13.83%, RMB138,806,000 or 13.53% and RMB182,988,000 or 21.04%, respectively, in the toll income (after deduction of turnover taxes) for the year as compared with that of last year, and recorded a decrease of RMB79,474,000 or 33.31%, RMB91,056,000 or 18.66% and RMB109,135,000 or 33.26%, respectively, in the profit for the year as compared with that of last year, which was mainly due to different impacts on various sections and obvious decline in overall traffic volume as compared with that of last year resulting from the adverse impact on production and operation for factors such as road network diversion, power supply curtailment under high temperature and decline in demand for public travel. Among them, the decrease in toll revenue and profit of Chengren Road is more obvious than other road sections due to the greater impact of diversion of the adjacent road network.
- Note 3:* Chengle Company recorded an increase of RMB92,562,000 or 27.85% in the toll income (after deduction of turnover taxes) for the year as compared with that of last year, and recorded an increase of RMB74,279,000 or 64.44% in the profit for the year as compared with that of last year, mainly due to the decrease in revenue and profit in the corresponding period of last year affected by the road expansion and closure, the completion of Meishan South – Meishan Interchange and opening to traffic on 15 December 2021 with recovery of two-way traffic for the whole line; successful completion of the expansion of Chengdu-Kunming railway frame bridge section under Chengle Expressway Expansion Construction Project on 27 January 2022 with the realisation of two-way eight-lane traffic of the section from Meishan to Leshan, resulting in corresponding increase in revenue and profit.
- Note 4:* Chengbei Company recorded a decrease of RMB16,509,000 or 13.50% in the toll income (after deduction of turnover taxes) for the year as compared with that of last year and a decrease of RMB10,293,000 or 18.95% in the profit for the year as compared with that of last year, mainly due to that during the year, the number of northbound vehicles declined sharply affected by the economic downturn, resulting in the decrease in revenue and profit year on year.
- Note 5:* Shunan Company recorded an increase of RMB88,261,000 or 178.63% in profit for the year as compared with that of last year, mainly due to the dividend received from its subsidiaries and the income from the return on investment of the Western Airlines Port Project during the year.
- Note 6:* Renshou Shunan Company recorded an increase of RMB1,299,000 or 82.74% in the income for the year as compared with that of last year, mainly due to the decrease in the work volume of Renshou Gaotan Project and the decrease in revenue in the previous year; and recorded an increase of RMB14,885,000 or 110.46% in the profit for the year as compared with that of last year, mainly due to the recognition of return on investment of the Renshou BT Project and the increase of fund interest income.

- Note 7:* Shunan Chengxing Company recorded an increase of RMB7,107,000 or 210.58% in the income for the year as compared with that of last year, mainly due to the increase in revenue recognized during the operation period of the west extension of Jiaozi Road; and recorded a decrease of RMB2,456,000 or 7.65% in the profit for the year as compared with that of last year, mainly due to the decrease in investment return income (included in other income) for the year, despite the increase in operating income, resulting in a flat total revenue. With higher operating costs as compared to the previous year, the profit declined as compared to the previous year.
- Note 8:* Lushan Shuhan Company recorded an increase of RMB10,270,000 or 10.68% in the income for the year as compared with that of last year, mainly due to the increase in sand and gravel sales revenue during the year, offsetting the decrease in construction and installation revenue; and recorded a decrease of RMB1,124,000 or 15.65% in the profit for the year as compared with that of last year, mainly due to the increase in finance expenses.
- Note 9:* Lushan Shunan Company recorded an increase of RMB24,030,000 or 329.36% in the income for the year as compared with that of last year, and recorded an increase of RMB1,665,000 or 237.52% in the profit for the year as compared with that of last year, mainly due to the corresponding increase in profit as a result of the increase in construction and installation income.
- Note 10:* Shuhong Company recorded an increase of RMB16,741,000 or 212.34% in the income for the year as compared with that of last year, mainly due to the increase in revenue from measurement of construction services, and recorded a decrease of RMB13,102,000 or 561.35% in the profit for the year as compared with that of last year, mainly due to the recognition of other revenue from the disposal of Hongrui International Plaza last year.
- Note 11:* Shuxia Company recorded a decrease of RMB38,929,000 or 36.47% in the income for the year as compared with that of last year, and recorded a decrease of RMB17,307,000 or 65.21% in the profit for the year as compared with that of last year, mainly due to: (1) the expansion of revenue in rapeseed oil business, which was not recognized in the current year; (2) the implementation of a six-month rent reduction policy for eligible merchants in 2022 with a reduction and exemption of rental income of RMB9,546,400 for the whole year, resulting in a decrease in rental income in the service area, in accordance with the requirements of the Supplementary Notice of the Department of Finance, the Provincial SASAC and the Provincial Administration of State-owned Enterprises on the Reduction and Exemption of Rent from Provincial Administrative Institutions and Provincial State-owned Enterprises to Small, Medium and Small Enterprises and Individual Businesses (Chuancaizi [2022] No.68) (《財政廳、省國資委、省機關事務管理局關於省級行政事業單位和省屬國有企業向中小微企業和個體工商戶減免房租的補充通知》(川財資〔2022〕68號)); (3) the change of Chengyu Road Supermarket from self-operated to leased in 2022 according to the Company's strategic plan, comprehensively resulting in a decrease in the supermarket's self-operated business income.
- Note 12:* Chengyu Advertising Company recorded a decrease of RMB752,000 or 18.59% in the income for the year as compared with that of last year, and recorded an increase of RMB236,000 or 10.81% in the loss for the year as compared with that of last year, mainly due to the development bottleneck of the traditional advertising business of expressways, the sluggish advertising sales market, and the impact of the demolition of some high-quality advertising assets, resulting in the decline of the advertising rental business income and the corresponding profit.

- Note 13:* Intermodal Transportation Company recorded an increase of RMB285,786,000 or 780.60% in the income for the year as compared with that of last year, mainly due to the Company's active expansion of North-to-South Grain Transportation and other projects, resulting in an increase in revenue as compared with the previous year; and recorded a decrease of RMB39,285,000 or 2,665.20% in the profit for the year as compared with that of last year, mainly due to the provision for impairment for the year.
- Note 14:* Chengyu Supply Chain Management Company recorded a decrease of RMB648,000 or 69.23% in the income for the year as compared with that of last year, mainly due to the Company's concentration of efforts to mitigate the risks of the existing business and the contraction of business scale, resulting in the decrease in revenue, and recorded an increase of RMB16,484,000 or 1,283.80% in the profit for the year as compared with that of last year, mainly due to the reversal of expected credit losses provided for in the previous year as substantial progress was made in resolving this risk in this year.
- Note 15:* Chengya Oil Company and Zhonglu Energy Company recorded an increase of RMB57,746,000 or 8.19% and RMB19,226,000 or 1.77%, respectively, in the income for the year as compared with that of last year, mainly due to the Company's positive market expansion and implementation of direct sales; and recorded a decrease of RMB10,382,000 or 20.99% and RMB20,055,000 or 39.02%, respectively, in the profit for the year as compared with that of last year, mainly due to the decrease in the number of vehicle trips and retail sales volume of refined oil affected by the economic downturn, despite the increase in revenue from direct sales business and the rising of retail prices, resulting in the decline in profit.
- Note 16:* Chengyu Financial Leasing Company recorded a decrease of RMB44,302,000 or 22.32% in the income for the year as compared with that of last year, mainly due to the fact that the Chengyu Financial Leasing Company had not been included in the scope of the Company's consolidated statements since November 2022 and only the data in January to October were included in the current year; and recorded an increase of RMB21,168,000 or 103.90% in the profit for the year as compared with that of last year, mainly due to the provision of expected credit losses in the previous year.
- Note 17:* Shudao New Energy Company recorded an increase of RMB11,639,000 or 46,556.00% in the income for the year as compared with that of last year, mainly due to the Company's recognition of charging services revenue for electric vehicles and other income in the current year; and recorded a decrease of RMB8,316,000 or 349.71% in the profit for the year as compared with that of last year, mainly due to the increase in related labor costs and public expenses as a result of the Company's operation of charging piles.
- Note 18:* Chengyu Private Equity Fund Management Company has become a 100%-owned holding subsidiary of the Company since January 25 2022, and is consolidated into the Company.
- Note 19:* CSI SCE recorded an increase of RMB3,006,000 or 919.27% in the profit for the current period as compared with that of last year, mainly due to the disposal of the Chengyu Financial Leasing Company in November 2022 and the recognition of investment income in the subsequent period as accounted for under the equity method.

Operation conditions of the expressways segment of the Group

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

Item	Shareholding percentage (%)	Average daily traffic flow (vehicles)			Toll income (before revenue taxes) (RMB'000)		
		2022	2021	Increase/ (decrease) (%)	2022	2021	Increase/ (decrease) (%)
Chengyu Expressway	100	16,909	19,946	(15.23)	653,626	761,051	(14.12)
Chengya Expressway	100	35,951	45,113	(20.31)	891,416	1,031,646	(13.59)
Chengren Expressway	100	27,669	37,221	(25.66)	690,102	876,419	(21.26)
Chengle Expressway	100	25,493	20,773	22.72	427,392	336,361	27.06
Chengbei Exit Expressway (including Qinglongchang Bridge)	60	45,111	60,159	(25.01)	106,331	122,891	(13.48)
Suiguang Expressway	100	9,705	10,742	(9.65)	217,922	213,903	1.88
Suixi Expressway	100	8,297	9,503	(12.69)	132,072	149,717	(11.79)

Notes:

- The average daily traffic flow of expressways owned by the Group for the year was based on the traffic flow of main line toll gantries; the data for the same period in 2021 were treated in the same way. The average daily traffic flow of the project of Chengbei Exit Expressway (including Qinglongchang Bridge) in 2021 was different from the data reported in the previous period due to adjustment to the statistical method.
- Due to the impact of diversion of traffic flow of road network, power supply curtailment under high temperature as well as decline in demand for public travel and other factors, the vehicle toll income for 2022 recorded a relatively significant decrease.

In 2022, the toll income (before deduction of turnover taxes) of the Group was approximately RMB3,118,861,000, representing a decrease of approximately 10.69% as compared with last year. The percentage of the toll income to the Group's operating revenue from main business (after deduction of turnover taxes) was approximately 31.78%, representing a decrease of approximately 7.47% when compared with 39.25% last year. During the Reporting Period, the following factors constituted combined effects on the operating performance of the Group's business of expressways:

(1) Economic factors

In 2022, the central and local governments' scientific decisions and deployment resulted in the sustained development of the national economy against the pressure and a harmonious and stable economic and social situation. China's gross domestic product (GDP) for 2022 was RMB121,020.7 billion, representing a year-on-year increase of 3.0% at constant prices and the value added of transportation, warehousing and postal services decreased by 0.8%¹ year-on-year. Sichuan Province faced triple pressure from shrinking demand, supply shocks and weakening expectations, as well as a combination of unexpected factors such as high temperatures and drought, power shortages and curtailment, earthquake disasters, which put the province's economy under pressure. Sichuan Province comprehensively implemented the national decisions and deployment, and introduced a series of policies such as "30 Policies on Stabilising Growth, 7 Policies on Investment, 14 Policies on Industry, 6 Policies on Consumption and 15 Policies on Stabilising Employment", which had a hedging effect and the resilience of economic development continued to enhance. In 2022, Sichuan Province achieved a regional GDP of RMB5,674,980 million, representing an increase of 2.9%² as compared to last year at comparable prices. In the face of a more complex and challenging economic environment, the Group's toll income for the year decreased by 10.69% year-on-year.

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

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

(2) Policy factors

From January to February 2022, during the New Year's Day holiday, the Spring Festival travel rush and the winter vacation, travel has brought traffic growth. According to the Notice on Issuance of Financial and Taxation Policies for Further Supporting the Healthy Development of Micro-, Small and Medium-sized and Individual Business (Chuan Cai Jian [2022] No. 2) (《關於印發〈進一步支持中小微企業和個體工商戶健康發展的財稅政策〉的通知》(川財建[2022]2號)) jointly issued by the Department of Finance of Sichuan Province, the Department of Transportation of Sichuan Province, Sichuan Provincial Tax Service, State Taxation Administration and other 10 provincial departments, from 18 February 2022 to 31 December 2023, the ETC toll discount for trucks in Sichuan Province increased from 5% to 6%, i.e., trucks using ETC (Electronic Toll Collection) to pass through the Sichuan Expressway Network will enjoy 6% discount on tolls, resulting in a partial decrease of toll revenue. In addition, the continued increase in fuel prices has indirectly affected the flow of highway passengers due to the increased cost of transportation, travel and materials.

In mid to late August 2022, due to the continuous high temperature in Sichuan, the Sichuan Provincial Economic and Information Department and the State Grid Sichuan Electric Power Company jointly issued the “Emergency Notice on Expanding the Implementation Scope of Power from Industrial Enterprises to the Public” (Chuan Jing Xin Dian Li [222] No. 171) (《關於擴大工業企業讓電於民實施範圍的緊急通知》(川經信電力[2022]171號)) on August 14. According to the Notice, 19 cities (prefectures) in Sichuan Province (except Panzhihua and Liangshan) expanded the implementation scope of power from industrial enterprises to the public. All industrial power users (including key support enterprises in whitelisted) in the orderly power utilization plan of Sichuan Power Grid implemented full production shutdown (excluding security loads) for a high-temperature holiday, and power to the people, starting at 00:00 on August 15 and ending at 24:00 on August 20. The production of relevant industrial power enterprises was completely stopped for 6 days. At the same time, the continuous high temperature has also led to a decrease in the willingness of the people to travel, resulting in a decline in the Group's overall traffic flow in August.

On 28 September 2022, the Ministry of Transport and the Ministry of Finance issued the Notice on Phased Reduction and Waiver of Tolls for Trucks on Toll Roads (Jiao Gonglu Mingdian [2022] No. 282) (《關於做好階段性減免收費公路貨車通行費有關工作的通知》(交公路明電〔2022〕282號)), deciding to provide a phased reduction and waiver of toll fees for trucks on toll roads nationwide in the fourth quarter, i.e. from 00:00 on 1 October 2022 to 24:00 on 31 December 2022, and trucks (including vehicles for transporting large indivisible loads and excluding vehicles for special operation) would be granted a further 10% reduction and waiver of toll fees on top of the existing various types of preferential policies on toll fees.

(3) Factors in road network changes and road construction

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

Chengyu Expressway: On the morning of 28 January 2022, Chengyu Station C of the Chengdu Ring Expressway was put into operation, realizing the interconnection between the Chengyu Expressway and the Chengdu No.1 Ring Expressway, improving the traffic conversion capacity of the two expressways and increasing the traffic flow.

On 18 March 2022, the Chengdu Tianfu International Airport Expressway started to charge tolls. The toll rate of Class 1 vehicle was RMB0.85/car. km. Since the base price of the toll was higher than that of the Chengyu Expressway, it had a certain return effect on the Chengyu Expressway (Qingquan hub to Jianpu section). However, in light of the convenience to enter the first, second and third detours from the Chengdu Tianfu International Airport Expressway and direct accessible to Tianfu New District, and that the whitelisted vehicles were still subject to toll concession policy after the Chengdu Tianfu International Airport Expressway started to charge tolls, the traffic volume of the expressway was still relatively high. For the whole line, the return effect in a short period was not significant, and the impact on the diversion of Chengyu Expressway was still relatively obvious.

Since 23 April 2022, the Chengdu Ring Expressway has implemented the environmental quality improvement project in five stages. Temporary traffic control was organized during the closed construction of the project, which has certain impact on some road sections of the Group.

Chengle Expressway: On 15 January 2022, Qingshen North Toll Station and its interchanges were officially completed and put into operation; on 27 January 2022, the expansion of Chengdu-Kunming railway frame bridge section under Chengle Expressway Expansion Construction Project was successfully completed, and the section from Meishan to Leshan fully realized two way eight-lane traffic; On 28 January 2022, the new Jiayang Toll Station was officially completed and put into operation, while the old station was closed. The phased project of Chengle Expressway was gradually completed and put into operation, and the traffic flow continued to return, which contributed to the increase in toll revenue.

Upon completion of the above-mentioned projects during the closed construction, the resumption of traffic brought an increase in revenue as compared to the same period last year. However, due to the long-term closed construction and irregular closures of the station resulting in the change in driving habits of the vehicles to achieve traffic diversion, and due to the fact that the surrounding road network was mature and perfect with good road conditions, with buses arranged in Meishan, Pengshan and other places to seamlessly docking with Xinjin Metro, the vehicles to achieve traffic diversion failed to fully return, resulting in lower-than-expected revenue growth.

Chengren Expressway: Chengyi Expressway, which was officially opened on 31 December 2020 and is toll-free, which had certain adverse impact on Chengren Expressway in respect of toll income.

On 18 March 2022, Chengdu Tianfu International Airport Expressway started to charge tolls. The base price of the toll was higher than that of Chengren Expressway. The traffic flow from Chengdu to the third detours and the vicinity of Renshou East Station returned, promoting the traffic flow across the line to rebound. However, in light of the convenience to enter the first, second and third detours from the Chengdu Tianfu International Airport Expressway and direct accessible to Tianfu New District, and that the whitelisted vehicles were still subject to toll concession policy after the Chengdu Tianfu International Airport Expressway started to charge tolls, the traffic volume of the expressway was still relatively high, so that the return effect of the whole line in a short period was not as good as expected, and the impact on the diversion of Chengren Expressway was still relatively obvious.

In May 2022, TFS Tianfu International Bonded Commercial Centre, near Xinglong and Wan'an Toll Stations, commenced trial operation; and Fangyuan Hui, the first commercial complex in the Xinglong Lake business district, officially opened for business, both contributing to the increase in the traffic flow on the Chengren Expressway.

Chengya Expressway: From 21 to 25 March 2022, the left-turn ramp bridge from the south to west of Baijia Interchange (Chengya Expressway to Shuangliu Airport Expressway) closed for construction. In order to relieve the traffic pressure from Chengya to Chengdu section, highway police adopted diversion measures for vehicles. As the entrance of Chengya Expressway near the toll station was closed several times during the above period, vehicles towards Chengdu chose land-service road to pass by, resulting in certain impact on the traffic flow.

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 opinion on approval of the project from the Ministry of Transport, the total mileage of the project was 130 km, and the estimated total investment was approximately RMB22.16 billion. According to the Reply on Adjustment to the Approval of the Chengdu to Leshan Expressway Expansion Construction Project issued by the Sichuan Provincial Development and Reform Commission (Chuan Fa Gai Ji Chu [2022] No. 298) (《關於調整成都至樂山高速公路擴容建設項目核准事項的批覆》(川發改基礎[2022]298號)), the adjusted total mileage of the project was 136.1 km and the estimated total investment was RMB25.15 billion. After the completion of the project, it will help ease the traffic pressure on Chengle Expressway, and improve the overall traffic capacity and service level of Chengle Expressway. On 27 November 2019, the established tasks for the Chengle Expansion Construction Project Pilot Section (Meishan – Qinglong) were completed and the pilot section was opened to two-way traffic. On 18 December 2019, the new Qinglong Toll Station of Chengle Expressway officially opened to traffic. On 2 August 2021, in order to standardize the approval procedures of PPP projects' inclusion and reclassification in the database, Chengdu Transportation Bureau has entered into the Investment Agreement for the Expansion Construction Project of Chengdu-Leshan Expressway and the Public-Private-Partnership (PPP) Project Contract for the Expansion Construction Project of Chengdu-Leshan Expressway with Chengle Company. On 27 January 2022, Meishan to Leshan section totalling 81 kilometers achieved two-way eight-lanes traffic. From the commencement date of construction to 31 December 2022, an accumulated investment of approximately RMB10.022 billion had been invested in the Chengle Expansion Project.

(2) *Tianqiong Expressway BOT Project*

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

On 4 March 2020, Sichuan Chengqiongya Expressway Company Limited was incorporated in Qionglai of Sichuan Province as a project company to take charge of the investment, construction and operation of Tianqiong Expressway, with a registered capital of approximately RMB1,737 million, of which the Company contributed RMB1,424.34 million. From the commencement date of construction to 31 December 2022, an accumulated investment of approximately RMB3,013 million had been invested in the Tianqiong Expressway Project.

FINANCIAL REVIEW AND ANALYSIS

Analysis of Operating Results and Financial Position

Summary of the Group's Operating Results

	For the year ended 31	
	December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	9,763,056	8,830,296
Including: Net expressway segment revenue	3,102,301	3,465,849
Net new energy technology segment revenue	11,665	–
Net transportation services segment revenue	1,962,054	1,899,217
Net transportation logistics segment revenue	322,397	36,611
Net construction services segment revenue	4,210,364	2,610,855
Net others segment revenue	154,275	817,764
Profit before tax	1,088,979	2,288,196
Profit attributable to owners of the Company	764,821	1,870,856
	<hr/>	<hr/>
Earnings per share attributable to owners of the Company (<i>RMB</i>)	0.250	0.612
	<hr/> <hr/>	<hr/> <hr/>

Summary of the Group's Financial Position

	31 December	31 December
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Total assets	40,068,636	40,647,497
Total liabilities	21,348,017	22,199,036
Non-controlling interests	914,952	1,083,466
Equity attributable to owners of the Company	17,805,667	17,364,995
	<hr/>	<hr/>
Equity per share attributable to owners of the Company (<i>RMB</i>)	5.823	5.678
	<hr/> <hr/>	<hr/> <hr/>

Revenue

The Group's net revenue for the year amounted to RMB9,763,056,000 (2021: RMB8,830,296,000), representing a year-on-year increase of 10.56%, of which:

- (1) The net expressway segment revenue was RMB3,102,301,000 (2021: RMB3,465,849,000), representing a decrease of 10.49% as compared with the previous year. Except for Chengle Expressway and Suiguang Expressway, the toll revenue of each section in current period has been reduced by varied degrees, which was primarily attributable to the decline in vehicle travels influenced by adverse factors such as the diversion of adjacent road networks, power supply curtailment under high temperature and economic downturn, resulting in a decrease of RMB186,317,000 or 21.26% in toll revenue (before turnover taxes) of Chengren Expressway as compared with the corresponding period of last year; the toll revenue (before turnover taxes) of Chengyu Expressway decreased by RMB107,425,000 or 14.12% as compared with the corresponding period of last year; the toll revenue (before turnover taxes) of Chengya Expressway decreased by RMB140,230,000 or 13.59% as compared with the corresponding period of last year; the toll revenue (before turnover taxes) of Chengbei Exit Expressway decreased by RMB16,560,000 or 13.48% as compared with the corresponding period of last year; the toll revenue (before turnover taxes) of Suixi Expressway decreased by RMB17,645,000 or 11.79% as compared with the corresponding period of last year. Please refer to operating conditions of the toll roads and bridges businesses of the Group in this announcement for details of the main factors affecting the toll income of the Group during the Reporting Period;
- (2) The net new energy technology segment revenue was RMB11,665,000, representing an increase of RMB11,665,000 as compared with the previous year, mainly due to the recognition of charging services revenue for electric vehicles and other income as the Company started to build up its transportation emerging industry business segment and rapidly laid out its new energy vehicle charging network during the year;
- (3) The net transportation service segment revenue was RMB1,962,054,000 (2021: RMB1,899,217,000), representing an increase of 3.31% as compared with the previous year, which was primarily attributable to the Company's active market expansion and the increase in the revenue from oil direct sales businesses, offsetting the adverse effects of the adjustment of the service area operation and the revenue decrease for the rental-free policy of leasing business;
- (4) The net transportation logistics segment revenue was RMB322,397,000 (2021: RMB36,611,000), representing an increase of 780.60% as compared with the previous year, which was primarily attributable to the increase in revenue of the Multimodal Transport Company from the North-to-South Grain Transportation Project and other businesses as compared with the previous year;

- (5) The net construction services segment revenue was RMB4,210,364,000 (2021: RMB2,610,855,000), representing an increase of 61.26% compared with the previous year, which was mainly due to that: (1) the construction contract revenue (before deduction of turnover taxes) in respect of service concession arrangements was RMB4,100,341,000 (2021: RMB2,500,606,000), representing an increase of 63.97% compared with the corresponding period of the previous year, which was primarily the construction contract revenue from the project for expansion construction of Chengle Expressway, Tianqiong Expressway BOT Project and the Gas Station Upgrading and Reconstruction Project of Chengya Oil 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 RMB110,997,000 (2021: RMB114,364,000), representing a decrease of 2.94% compared with the corresponding period of the previous year, which was mainly due to construction services revenue from Long Bao Da PPP project in Lushan County and the Tourism Highway Project in Dachuan River Scenic Spot in Lushan County recognized under the input method;
- (6) The net others segment revenue was RMB154,275,000 (2021: RMB817,764,000), representing a decrease of 81.13% as compared with the previous year, in particular, the real estate business revenue decreased by RMB618,587,000 (2021: RMB618,587,000) or 100% as compared with the previous year, which was mainly due to the fact that it was no longer included in the scope of the Company's consolidated statements in the current period; finance leases revenue decreased by RMB44,302,000 (2021: RMB198,464,000) year on year, representing a decrease of 22.32% as compared with the previous year, which was mainly due to the fact that the Chengyu Financial Leasing Company was no longer included in the scope of the Company's consolidated statements since November of this year and only the data in January to October was included in revenue for this year; factoring revenue decreased by RMB648,000 year on year, which was mainly due to the year-on-year decrease in revenue as a result of the contraction of business scale as the Company concentrated its efforts to mitigate the existing business risks.

Other Income and Gains

The Group's other income and gains for the year amounted to RMB271,250,000 (2021: RMB1,153,472,000), representing a year-on-year decrease of RMB882,222,000 or 76.48%, in particular, gains from disposal of subsidiaries of RMB10,660,000 (2021: RMB899,409,000) was mainly recognized, representing a decrease of RMB888,749,000 or 98.81% as compared with the previous year; gains from disposal of properties under development decreased by RMB26,584,000 (2021: RMB26,584,000), representing a decrease of RMB26,584,000 or 100% as compared with the previous year, mainly due to the absence of such business during the year.

Operating Expenses

The Group's operating expenses for the year amounted to RMB8,551,875,000 (2021: RMB7,152,410,000), representing a year-on-year increase of 19.57%, of which:

- (1) During the year, construction contract cost recognized under the input method in respect of service concession arrangements was RMB4,100,341,000 (2021: RMB2,500,606,000), representing a year-on-year increase of 63.97%. This mainly included construction costs recognized for Chengle Expressway Expansion Construction Project, Tianqiong Expressway BOT Project and Meishan Gas Station Upgrading and Reconstruction Project of Chengya Oil;
- (2) During the year, construction contract costs recognized under the input method in respect of construction works amounted to RMB98,189,000 (2021: RMB108,110,000), representing a year-on-year decrease of 9.18%, mainly attributable to the Long Bao Da PPP Project in Lushan County and the Tourism Highway Project in Dachuan River Scenic Spot in Lushan County recognized under the input method;
- (3) Depreciation and amortization expenses increased by 6.10% from RMB957,578,000 for the last year to RMB1,015,972,000 for the year, mainly attributable to amortization for service concession arrangements, depreciation of right-of-use assets and the increase in depreciation of property, plant and equipment;
- (4) The cost of sales of oil and other business was RMB2,010,025,000 (2021: RMB1,565,316,000), representing an increase of 28.41% over the last year, which was mainly due to the increase in cost of oil direct sales, North-to-South Grain Transportation, sand and gravel business and other sales as a result of the Company's positive market expansion;
- (5) The cost of property sales decreased by 100% as compared with RMB472,121,000 (2021: RMB472,121,000) of the previous year, mainly due to the fact that the real estate business of Renshou Trading Landmark Company Limited* (仁壽置地有限公司) was no longer included in the scope of the Group's consolidated statements during this year;
- (6) Staff costs increased by 2.71% from RMB852,494,000 for last year to RMB875,565,000 for the year, mainly due to the cumulative impact of the increase in the average wage in the city and the corresponding increase in the provision ratio of five insurances and one fund;
- (7) Repair and maintenance costs decreased by 26.79% from RMB217,794,000 for the last year to RMB159,443,000, which was the decrease in daily maintenance costs of the ancillary facilities of all expressways of the Group;

- (8) The costs of finance lease were RMB80,441,000 (2021: RMB98,253,000), representing a decrease of 18.13% over last year, mainly due to the fact that Chengyu Financial Leasing Company was no longer included in the scope of the Company's consolidated statements since November of this year, and only the data in January to October was included in cost for this year;
- (9) Impairment loss included in other receivables, trade receivable and loans to customers was RMB37,303,000 (2021: RMB55,114,000) during the year.
- (10) Charging services costs included were RMB5,038,000 for the year, mainly due to the recognition of electricity costs as a result of the deployment of new energy vehicle charging network during the year.
- (11) Foreign exchange losses for the year increased RMB9,567,000 over the last year, mainly due to the exchange losses on foreign currency borrowings.

Finance Costs

The Group's finance costs for the year amounted to RMB835,612,000 (including: expensed interest expenses of RMB425,603,000), representing a decrease of 6.24% as compared with RMB891,250,000 (including: expensed interest expenses of RMB583,565,000) for the same period last year. The decrease in finance costs for the year was mainly due to the successful reduction in interest rate of the syndicated loan of Chengren Expressway, Suiguang-Suixi Expressway and Chengle Expansion Leshan Section, the decrease in the principal of the construction loan during the lifetime and the positive activation of the existing funds to improve the efficiency in the use of internal funds.

Income Tax

The income tax expense of the Group for the year amounted to RMB272,104,000, representing a decrease of approximately 19.30% as compared with RMB337,180,000 for the year of 2021, mainly due to the change in profit.

Profit

The Group's profit for the year amounted to RMB816,875,000, representing a decrease of 58.13% as compared with RMB1,951,016,000 for the same period last year, of which the profit attributable to owners of the Company was RMB764,821,000, representing a decrease of 59.12% as compared to the same period last year. This was mainly due to:

- (1) The profit of the expressway segment for the year was approximately RMB1,018,147,000, representing a decrease of approximately RMB205,342,000 or 16.78% as compared with last year, which was mainly due to the decrease of RMB363,548,000 in toll revenue (after deduction of turnover taxes) of the expressway business for the year resulted from the combined unfavorable factors including diversion of adjacent road networks, power supply curtailment under high temperature and economic downturn as compared with the same period of the last year;
- (2) The profit of the new energy technology segment for the year was approximately RMB975,000, representing an increase of RMB1,067,000 as compared with last year, which was mainly due to the recognition of electricity charge income from charging piles and other income;
- (3) The profit of the transportation services segment for the year was approximately RMB135,273,000, representing a decrease of RMB58,070,000 as compared with last year, which was mainly due to the decrease in the retail sales volume of refined oil as a result of decrease of vehicle travels compared with the same period of the previous year under the influence of economic downturn and shrinking demand, and the decrease in the operating profit of the service area as a result of the adjustment of the service area business and the rental-free policy of leasing business;
- (4) The profit of the transportation logistics segment for the year was approximately RMB20,252,000, representing an increase of RMB18,061,000 as compared with last year, which was mainly due to the increase in profit resulting from the Company's proactive efforts to mitigate the previous business risks, reversal of credit impairment losses and the proactive expansion of North-South Grain Transportation and other projects this year;
- (5) The profit of the construction services segment for the year was approximately RMB72,022,000, representing an increase of RMB8,246,000 as compared with last year, which was mainly due to the increase in interest income of BT project;

- (6) The profit of the others segment for the year was approximately RMB87,995,000, representing a decrease of RMB100,159,000 as compared with last year, which was mainly due to the fact that Renshou Trading Landmark Company Limited (仁壽置地有限公司) was no longer included in the scope of the Company's consolidated statements during this year and the Chengyu Financial Leasing Company's profit was no longer included in the scope of the Company's consolidated statements since November 2022 and only the data in January to October was included in profit for 2022.

ANALYSIS OF FINANCIAL POSITION

Non-current Assets

As at 31 December 2022, the Group's non-current assets amounted to RMB35,218,523,000, representing an increase of RMB1,860,657,000 as compared with the end of 2021, mainly attributable to:

- (1) An increase of RMB3,582,715,000 in service concession arrangements as compared with the end of 2021 which included an increase of approximately RMB4,429,909,000 from Chengle Expressway Expansion Construction Project, Tianqiong Expressway BOT Project and Meishan Gas Station Construction Project of Chengya Oil, and the provision for amortization of service concession arrangements of approximately RMB847,194,000;
- (2) A decrease of RMB48,985,000 in right-of-use assets as compared with the end of 2021, mainly due to depreciation;
- (3) Property, plant and equipment increased by RMB45,955,000 as compared with the end of 2021, mainly due to the increase in acquisitions and the conversion of construction in progress into fixed assets during the year;
- (4) An increase of RMB159,430,000 in investment in associates and joint ventures as compared with the end of 2021 mainly due to (1) the decline of approximately RMB31,691,000 in the total carrying value resulting from the profit distribution of RMB17,144,000 for 2021 declared by Airport Expressway Company, and the receipt of dividends of RMB722,000, RMB1,084,000, RMB10,893,000 and RMB1,848,000 respectively from Renshou Bank, Trading International Supply Chain Management Company, Chengyu Development Fund Project and Zhongxin Company during the year; (2) the increase in carrying amount with the total investment income of RMB32,151,000 recognised this year; (3) the decrease of RMB6,360,000 in carrying amount due to the completion of the acquisition of 100% equity interests in Chengyu Private Equity Fund Management Company, and the Group held 50% equity interests in Chengyu Private Equity Fund Management Company and presented it in the investment in joint ventures before then, which was no longer presented after it was included in the scope

of consolidation in the current period; (4) the increase of RMB165,330,000 in carrying amount due to the fact that Chengyu Financial Leasing Company, one of the Company's subsidiaries, had been accounted as an associate since 31 October 2022 when the Company lost the control of Chengyu Financial Leasing upon the transfer of its 44.95% equity interests, but still held 25.05% equity interests and had a significant impact on Chengyu Financial Leasing Company;

- (5) A decrease of RMB355,822,000 in equity investments designated at fair value through other comprehensive income as compared with the end of 2021, which was mainly due to the Company's derecognition of such financial asset due to the transfer of the financial asset to Sichuan Road & Bridge Co., Ltd. by way of non-public agreement during the year;
- (6) An increase of approximately RMB74,000 in restricted deposits as compared with the end of 2021, which was mainly due to the increase in ETC deposits;
- (7) A decrease of RMB1,419,757,000 in loans to customers as compared with the end of 2021, which was mainly due to the disposal of Chengyu Financial Leasing Company;
- (8) A decrease of RMB124,195,000 in payments in advance as compared with the end of 2021, which was mainly due to the decrease in advance payment for construction projects.

Current Assets and Current Liabilities

As at 31 December 2022, the current assets of the Group amounted to RMB4,850,113,000 representing a decrease of 33.47% as compared with the end of 2021, mainly attributable to:

- (1) A decrease of RMB1,285,049,000 in the balance of cash and cash equivalents as compared with the end of 2021, mainly due to the decrease in toll revenue from expressways in the current year, resulting in the decrease in cash inflows from operating activities, and in order to cope with the adverse impact of the decrease in toll revenue, the Company actively carried out cost reduction and efficiency improvement, and made full use of its own funds to control the scale of external financing;
- (2) A decrease of approximately RMB1,382,359,000 in loan to customers due within one year compared with the end of 2021, mainly due to the disposal of Chengyu Financial Leasing Company;
- (3) Trade and other receivables increased by RMB263,263,000 as compared to the end of 2021 mainly due to the increase of RMB201,172,000 in trade receivables (including bill receivables) and RMB65,160,000 in other receivables and the decrease of RMB3,069,000 in prepayments;

- (4) A decrease of approximately RMB32,993,000 in inventories as compared with the end of 2021, mainly due to a decrease in inventories of oil products for the year;
- (5) A decrease of RMB2,328,000 for restricted deposits as compared with the end of 2021, mainly due to the disposal of Chengyu Financial Leasing Company during the year.

As at 31 December 2022, the Group's current liabilities amounted to RMB3,729,995,000, representing an increase of 8.66% as compared with the end of 2021, mainly attributable to a decrease of RMB156,473,000 in trade and other payables, an increase of RMB9,136,000 in contract liabilities; an increase of approximately RMB25,945,000 in tax payable; a decrease of RMB2,548,000 in derivative financial instruments, primarily due to the disposal of Chengyu Financial Leasing Company; an increase of approximately RMB421,299,000 in bank and other interest-bearing loans, primarily due to the decrease of RMB572,862,000 in bank and other interest-bearing loans included in current liabilities resulting from the disposal of a subsidiary during the year; an increase in the reclassification of approximately RMB1,030,755,000 for bank loans, lease liabilities and other borrowings due within one year, and a decrease of RMB36,594,000 for repayment of lease liabilities and principal.

Non-current Liabilities

As at 31 December 2022, the non-current liabilities of the Group amounted to RMB17,618,022,000, representing a decrease of 6.12% as compared with the end of 2021, which was principally attributable to the decrease of RMB28,508,000 in deferred income; the decrease of RMB11,720,000 in deferred tax liabilities; a decrease of approximately RMB1,108,150,000 in bank and other interest-bearing loans as compared with that of the end of last year, in particular, an increase of long-term borrowings, other loans and lease liabilities of approximately RMB3,516,350,000; the repayment of bank borrowings, other loans and interest paid amounted to approximately RMB2,153,262,000; long-term loans, other loans and lease liabilities reclassified as current liabilities amounted to approximately RMB1,030,755,000 in the current period; a decrease of approximately RMB1,455,586,000 in bank borrowings included in non-current liabilities as a result of the disposal of its subsidiary in the current period; an increase of approximately RMB15,103,000 in bank and other interest-bearing loans caused by changes in exchange rates, amortisation of lease liabilities and other combined effects in the current period.

Equity

As at 31 December 2022, the Group's equity amounted to RMB18,720,619,000 representing an increase of 1.48% as compared with the end of 2021, mainly attributable to: (1) profit of RMB816,875,000 for the year, which increased the equity; (2) an increase in equity of RMB11,772,000 due to the adjustment to the fair value of financial assets as a result of presenting changes in other comprehensive income; (3) capital injection from minority shareholders amounting to RMB36,200,000, which increased the equity; (4) disposal of subsidiary of RMB191,050,000, which decreased the equity; (5) payment of dividends of RMB65,252,000 to non-controlling shareholders, which decreased the equity; (6) the final dividend of 2021 paid in the year amounting to RMB336,387,000, which decreased the equity.

Capital Structure

As at 31 December 2022, the Group had total assets of RMB40,068,636,000 and total liabilities of RMB21,348,017,000. The gearing ratio, which was calculated as the Group's total liabilities divided by its total assets, was 53.28% (31 December 2021: 54.61%).

As at 31 December 2022, the cash and cash equivalents of the Group amounted to RMB2,552,021,000, representing a decrease of approximately RMB1,285,049,000 as compared with the end of 2021. It comprised approximately HKD102,000 (equivalent to approximately RMB91,000) deposits, and RMB2,551,930,000 cash and deposits.

During the year, net cash outflows used in operating activities of the Group amounted to RMB1,911,580,000 (2021: net cash outflow of RMB2,084,685,000), representing a decrease of RMB173,105,000 in net cash outflows compared with the last year, which was mainly because: profit before tax decreased by RMB1,199,217,000 as compared with the last year; the new service concession arrangements resulted in an increase of RMB1,599,735,000 in cash outflows for the year as compared with the last year; the transfer of Renshou Landmark, a subsidiary of the Company in the previous year resulted in the decrease in related properties under development of RMB208,018,000 in cash outflows for the year as compared with the last year; the decrease in the properties held for sale resulted in a decrease of RMB459,626,000 in cash inflows for the year as compared with the last year; cash outflows from loans to customers decreased by RMB780,381,000 as compared with last year; the decrease in restricted deposits resulted in a decrease of RMB4,055,000 in cash inflows for the year as compared with the last year; the decrease in deferred income resulted in a decrease of RMB3,155,000 in cash outflow for the year as compared with last year; the decrease in contract assets resulted in a decrease of RMB11,202,000 in cash inflow for the year as compared with last year; the decrease in trade receivables and other receivables resulted in a decrease of RMB422,296,000 in net cash inflows for the year compared with the last year; the increase in non-current prepayment resulted in a decrease of RMB675,175,000 in net cash outflows for the year as compared with last year; the decrease in inventories resulted in a decrease of RMB47,073,000 in the cash outflows for the year compared with the last year; the decrease in contract liabilities resulted in a decrease of RMB603,781,000 in the net cash outflows for the year compared with the last year; the decrease in trade payables and other payables resulted in a decrease of RMB697,734,000 in cash outflows for the year compared with the last year.

Net cash inflow from investing activities of the Group amounted to RMB228,318,000 (2021: net inflow of RMB1,901,238,000), with a decrease in net cash inflow of RMB1,672,920,000 compared with the last year. It was mainly due to the increase of RMB92,981,000 in cash outflow for the purchase of property, plant and equipment as compared with last year; cash inflow amounted to RMB369,195,000 from the disposal of equity investments designated at fair value through other comprehensive income, with an increase of RMB298,619,000 compared with the previous year; cash inflow decreased by RMB1,353,449,000 resulting from the loan principal and interest receivable from a related party as compared with the previous year; cash inflows from the gain on disposal of subsidiaries decreased by RMB344,491,000 as compared with the previous year; the increase of RMB28,716,000 in cash outflow from the investments in financial assets at fair value through profit or loss as compared with the last year; the increase in time deposits resulted in an increase of RMB183,799,000 in cash outflow for the year compared with the last year; the decrease in pledged deposits resulted in a decrease of RMB15,000,000 in cash inflows for the year compared with the last year.

Net cash inflow from financing activities was RMB214,410,000 (2021: net cash inflow of RMB840,177,000), representing a decrease in net cash inflow of RMB625,767,000 as compared with the last year, which was mainly due to a decrease of RMB2,664,440,000 in cash inflow from new bank loans, medium term notes, super short term commercial papers and other loans as compared with the last year; a decrease of RMB2,276,760,000 in cash outflow from repayment of bank loans, medium term notes, super short term commercial papers and other loans and payment of lease principal as compared with the last year; a decrease of RMB91,742,000 in cash outflow from dividend paid to the owners of the Company compared with the last year; an increase of RMB2,003,000 in cash outflow from dividend paid to non-controlling shareholders as compared with the last year; an increase of RMB181,539,000 in cash outflow from interest paid compared with the last year; an increase of RMB33,191,000 in cash inflow received from investment from non-controlling shareholders as compared with the last year.

Exchange Fluctuations Risks

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

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

Borrowings and Solvency

As at 31 December 2022, the Company's bank and other interest-bearing borrowings amounted to RMB19,295,462,000, all of which bore fixed interest rates. The balance of bank loans was RMB17,871,410,000, with annual interest rates ranging from 3.15% to 4.90%; the balance of lease liabilities amounted to RMB134,052,000; the balance of medium-term notes amounted to RMB1,290,000,000, with a coupon interest rate of 3.49% to 6.30% per annum. The relevant balances are set out as follows:

Interest-Bearing Bank and other Loans

	Total	Within	Within	Over
	<i>RMB'000</i>	<i>1 year</i>	<i>1 year to</i>	<i>5 years</i>
		<i>RMB'000</i>	<i>5 years</i>	<i>RMB'000</i>
			<i>RMB'000</i>	<i>RMB'000</i>
Loans form banks	17,871,410	1,865,449	5,152,245	10,853,716
Lease liabilities	134,052	25,023	67,218	41,811
Medium-term notes	<u>1,290,000</u>	<u>–</u>	<u>1,290,000</u>	<u>–</u>
Total (as at 31 December 2022)	<u>19,295,462</u>	<u>1,890,472</u>	<u>6,509,463</u>	<u>10,895,527</u>
Total (as at 31 December 2021)	<u><u>19,982,313</u></u>	<u><u>1,469,173</u></u>	<u><u>6,095,538</u></u>	<u><u>12,417,602</u></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 RMB43,859 million from financial institutions available for use in the following one to two years. In addition, in 2010, China CITIC Bank Corporation Limited (Chengdu Branch) as leader and other eight banks carrying out businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan of RMB4,890 million. Such loan is specially used for construction of Chengren Expressway BOT Project. In 2019, China CITIC Bank Corporation Limited (Chengdu Branch) transferred the entire loan balance under the Syndicated Contract to China Construction Bank Corporation (Sichuan Branch), and China Construction Bank Corporation (Sichuan Branch) became the leader in 2020. As at 31 December 2022, the balance of the syndicated loan for the project amounted to RMB1,555 million.

In 2013, China Development Bank (Sichuan Branch) as leader and other four banks carrying out businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan of RMB4,950 million. Such loan is specially used for construction of Suiguang Expressway BOT Project. As at 31 December 2022, the balance of the syndicated loan for the project amounted to RMB4,140 million; in 2013, China Development Bank (Sichuan Branch) as leader and other two banks carrying out businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan of RMB3,380 million. Such loan was specially used in Suixi Expressways BOT Project. As at 31 December 2022, the balance of the syndicated loan for the project amounted to RMB2,670 million.

In 2019, China Construction Bank Corporation (Sichuan Branch) and China Development Bank (Sichuan Branch) as leader and other five banks carrying out businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan of RMB10,400 million. Such loan is specially used for construction of Chengle Expressway Expansion Construction Project. As at 31 December 2022, the balance of the syndicated loan for the project amounted to RMB4,465 million; in 2021, China Construction Bank Corporation (Sichuan Branch) and China Development Bank (Sichuan Branch) as leader and other three banks carrying out businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan of RMB6,920 million. As at 31 December 2022, the balance of the syndicated loan for the project amounted to RMB360 million. The above two loans are specially used for construction of Chengle Expressway Expansion Construction Project.

In 2020, China Construction Bank Corporation (Sichuan Branch) and China CITIC Bank Corporation Limited (Chengdu Branch) as leader and other five banks carrying on businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan of RMB6,948 million. Such loan is specially used for construction of Tianqiong Expressway BOT Project. As at 31 December 2022, the balance of the syndicated loan for the project amounted to RMB1,970 million.

Pledge of assets

As at 31 December 2022, the concession right to collect toll pertaining to Chengle Expressway with net carrying value of RMB10,566,731,000 (31 December 2021: RMB7,911,826,000) was pledged to secure the syndicated loan amounting to RMB4,825,230,000 (31 December 2021: RMB4,385,230,000); the concession right to collect toll pertaining to Chengren Expressway with net carrying value of RMB6,102,008,000 (31 December 2021: RMB6,290,814,000) was pledged to secure the syndicated loan amounting to RMB1,555,004,000 (31 December 2021: RMB1,828,353,000); the concession right to collect toll pertaining to Suiguang-Suixi Expressways with net carrying value of RMB11,099,484,000 (31 December 2021: RMB11,312,363,000) was pledged to secure the syndicated loan amounting to RMB6,810,000,000 (31 December 2021: RMB7,210,000,000); and the concession right to collect toll pertaining to Tianqiong Expressway with net carrying value of RMB3,012,674,000 (31 December 2021: RMB1,319,033,000) was pledged to secure the bank loans amounting to RMB1,970,226,000 (31 December 2021: RMB667,000,000) by the Group.

Save as disclosed above, the Group did not have any other contingent liabilities, pledge of assets or guarantees as at 31 December 2022.

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 2023, we have formulated the following work plan with a focus on the basic development ideas of “14th Five-Year” Plan and business objectives for the year of 2023:

1. Gathering momentum and attracting strength to empower the two main business sectors.

Revolving around the “14th Five-Year” Plan and practicing the “Double Carbon” Goal, we focus on developing two main responsibilities and business sectors of the Group, namely expressway and green energy.

First, strengthening the core competitiveness of the main business of expressways. The Company adheres to core idea of “focusing on main business and optimising main business”, and take “resource integration, asset operation and technology’s empowerment” as effective means to consolidate the supporting position of the core main business of the expressway; highlights innovation-driven, increases scientific and technological innovation efforts in projects such as “intelligent construction, intelligent expressway, and digital twinning”, and focuses on building intelligent expressway to help traditional industries innovate. Based on the external market, the Company boldly forges ahead, actively explores channels for scale expansion, seeks high-quality and mature road products, and strives to promote the scale of expressway assets. Following the development trend of green transportation, the Company participates in new technology pilot projects, new facilities and equipment research and development applications to promote green and low-carbon industries. The Company intensifies its capital operation, actively boosts its market value performance and promotes the value of its core business.

Second, striving to cultivate the new energy sector. The Company promotes the construction of charging stations in the road network service area and expands the new energy charging business network based on the expressways already in operation. The Company actively introduces strategic investors from leading enterprises and promotes battery leasing industry fund in an orderly manner to speed up the construction of Chengdu-Chongqing “Electricity Corridor” and promote the new business layout of “battery bank + battery replacement”. The Company focuses on building a smart energy management platform for charging and switching to facilitate efficient management of new energy business. The Company explores cooperation models with leading enterprises, promotes the completion of hydrogen refueling stations to a high standard, and pushes forward the substantive implementation of the Chengdu-Chongqing “Hydrogen Corridor”.

2. Improving quality and efficiency to promote innovative and efficient operation.

Following the development ideas and directions of the 14th Five-Year Plan, the Company improves the management level and cultivates high-quality operational dynamics. The company seeks breakthroughs and innovations, and strives to implement market-oriented operation mechanism, build project follow-up platform, and enhance market-oriented operation level. The Company improves corporate governance, enhances the level of research and decision-making capability of the main body at all levels, and improves the quality of research and decision-making efficiency. The Company promotes precise authorization and delegation of powers to enhance the independent performance of its affiliated enterprises. The Company deepens the construction of working style and strengthens the work coordination, departmental collaboration and system integration to promote the efficient operation of the Company.

3. Control the cost and saving the resource to grasp the whole process cost management.

Around the goal of improving efficiency and reducing consumption, the Company focuses on cost reduction and efficiency improvement in all areas and processes to tackle the cost battle. The Company strengthens financial management, implements comprehensive budgeting, and strictly controls costs and expenses to improve economic efficiency. The Company promotes market-oriented reform, establishes a mechanism linking business costs and management expenses to employee benefits, and firmly establishes employees' awareness of cost-cutting. The Company coordinates the control of maintenance inputs, operating expenses, financial expenses, and labor costs, casting the fundamental cornerstone of a high-productivity, high-revenue enterprise.

4. Risk prevention and control of the area to strengthen the security capacity building.

The Company focuses on the prevention of major risks in the whole area and implements the prevention of operation and investment risks, safety and environmental protection to ensure the steady development of the enterprise. The Company promotes the construction of compliance system of internal control, implements compliance review mechanism for major decisions and realizes closed-loop management of internal control. The Company improves its recurring audit system to achieve full coverage of audit supervision. The Company focuses on the safety production management, promotes the management of safety production responsibility list system, promotes science and technology in the production safety management information to improve the level of emergency management.

EVENTS AFTER THE REPORTING PERIOD

Reference is made to the announcement of the Company dated 17 February 2023, in relation to the Company's intention to acquire 100% equity interest of Rongcheng Second Ring Company by cash, of which 81% equity interest is acquired from Shudao Expressway and 19% is acquired from SRB Group, with the Equity Transfer Agreement signed on 17 February 2023. The consideration for the 100% equity interest of Rongcheng Second Ring Company collectively held by Shudao Expressway and SRB Group amounts to RMB5,903 million. Upon completion of the transaction, Rongcheng Second Ring Company will become a wholly-owned subsidiary of the Company and will be consolidated into the Company's consolidated financial statements. The above-mentioned transaction has been approved at the third meeting of the eight session of the Board and the second extraordinary general meeting of 2023 held on 30 March 2023.

In March 2023, the Company was certified by the British Standards Institution (BSI) for GB/T35770–2022/ISO37301: 2021 compliant management systems.

REPURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

EMPLOYEES AND THEIR REMUNERATION AND TRAINING

As at 31 December 2022, details of the Group's employees were as follows:

Number of in-service employees of the Company (including its branches)	2,325
Number of in-service employees of major subsidiaries	1,825
Total number of in-service employees	4,150
Number of retired or resigned employees for which the Company (including its branches) and its major subsidiaries are liable to bear costs	Nil

Type of Expertise	Number of people
Production	2,842
Sales	19
Technical	586
Financial	133
Administrative	570
Total	<u>4,150</u>

Type of Education Level	Number of People
Postgraduate	219
University graduate	1,509
Junior college graduate	1,640
Technical secondary school and below	782
	<hr/>
Total	<u><u>4,150</u></u>

Employees' Remuneration

The total remuneration of the Company's employees is correlated with the operating results of the Company. Employees' salary is determined with reference to position (i.e. the salary changes in accordance with the position of service) and performance. For the year ended 31 December 2022, the employees' salary of the Group totaled approximately RMB564,723,000, of which approximately RMB303,487,000 for the employees of the Company (including its branches).

Employees' Insurance and Welfare

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

Staff training

The Company highly values staff training and provides trainings of various aspects and types to improve the comprehensive quality and business standard of its staff. During the Reporting Period, the Company has organized various centralized and specific trainings such as operating training for technical staff, and continuing education and training for professional technical staff. The attendance of the Company (including its branches) reached 21,575 person-times.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

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

As disclosed in the announcement of the Company dated 22 March 2022, following the resignation of Mr. Zhang Yongnian as the company secretary and the authorized representative on 22 March 2022, Mr. Guo Renrong, the Company's Financial Controller, acted as the Secretary to the Board and the Company failed to meet the requirements of (i) the company secretary under Rule 3.28 and 3.29 of the Listing Rules of the Stock Exchange; and (ii) Rule 3.05 of the Listing Rules of the Stock Exchange in relation to the authorised representatives. On 14 June 2022, the Company held the twenty-third meeting of the seventh session of the Board, appointed Mr. Yao Jiancheng as the Secretary to the Board of the Company, and appointed Mr. Yao Jiancheng and Mr. Huang Weichao as the joint company secretaries of the Company and the authorised representatives of the Company under Rule 3.05 of the Listing Rules of the Stock Exchange. Since then, Mr. Guo Renrong, the Financial Controller of the Company, has ceased to act as the Secretary to the Board of the Company and has complied with the above-mentioned regulations regarding the appointment of company secretaries and authorized representatives.

Audit committee

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

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2022 and is of the view that the Group has complied with all applicable accounting standards and requirements and made adequate disclosure.

COMPLIANCE WITH THE MODEL CODE

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

CLOSURES OF REGISTER OF MEMBERS OF H SHARES

For the purposes of determining the shareholders' entitlement to attend the 2022 AGM and to receive the 2022 final dividend, the H Shares register of members of the Company will be closed during the following periods:

– In respect of attending and voting at the 2022 AGM

Deadline for lodging Transfer documents . . . 4:30 p.m. on 17 May 2023 (Wednesday)

Closure period of the H Shares From 18 May 2023 (Thursday)
register of members to 25 May 2023 (Thursday)
(both days inclusive)

Record date 25 May 2023 (Thursday)

Date of the 2022 AGM 25 May 2023 (Thursday)

– In respect of the entitlement to 2022 final dividend

Deadline for lodging transfer documents 4:30 p.m. on 7 June 2023 (Wednesday)

Closure period of the H Shares register From 8 June 2023 (Thursday)
to 14 June 2023 (Wednesday)
(both days inclusive)

Dividend Entitlement Date 14 June 2023 (Wednesday)

In order to be entitled to attend and vote at the 2022 AGM, and to receive the 2022 final dividend of the Company, H shares shareholders should ensure that all transfer documents, accompanied by the relevant share certificates are lodged with the Company's H Shares Registrar, Hong Kong Registrars Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, before the time above designated for lodging transfer documents.

Shareholders are advised that the Company will make separate announcement on the SSE in respect of details of the arrangements regarding (i) the distribution of 2022 final dividend to the holders of A Shares and (ii) the holders of A Shares for attending the 2022 AGM.

PUBLICATION OF THE ANNUAL REPORT

The Company's annual report for the year ended 31 December 2022 will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

As at the date of this announcement, to the best knowledge of the directors, the information contained in this announcement will be consistent with the information contained in the 2022 annual report of the Company.

DEFINITIONS

2022 AGM	the 2022 annual general meeting of the Company to be held on 25 May 2023 (Thursday), notice of which will be published on the Stock Exchange's website and despatched to the Shareholders on 20 April 2023 (Thursday)
A Share(s)	ordinary shares of the Company with a nominal value of RMB1.00 each, which are issued in the PRC, subscribed for in RMB and listed on the SSE
Airport Expressway	Chengdu Airport Expressway
Airport Expressway Company	Chengdu Airport Expressway Company Limited
Articles of Association	the articles of association of the Company, as amended from time to time
Audit Committee	the audit committee under the Board
Board	the board of Directors of the Company
BOT Project	build-operation-transfer project
BT Project	build-transfer project

Chengbei Company	Chengdu Chengbei Exit Expressway Company Limited
Chengbei Exit Expressway	Chengdu Chengbei Exit Expressway
Chengle Company	Sichuan Chengle Expressway Company Limited
Chengle Expressway	Sichuan Chengle (Chengdu-Leshan) Expressway
Chengle Expressway Capacity Expansion Trial Project	Capacity Expansion Trial Project for Qinglongchang to Meishan Section of Chengle Expressway
Chengle Expressway Expansion Construction Project	Capacity Expansion Construction Project for the Chengdu–Leshan Expressway
Chengren Branch	Sichuan Expressway Company Limited Chengren Branch
Chengren Expressway	Chengdu-Meishan (Renshou) Section of ChengZiLuChi (Chengdu-Zigong-Luzhou-Chishui) Expressway
Chengya Branch	Sichuan Expressway Company Limited Chengya Branch
Chengya Expressway	Sichuan Chengya (Chengdu-Ya’an) Expressway
Chengya Oil Company	Sichuan Chengya Expressway Oil Supply Company Limited
Chengyu Advertising Company	Sichuan Chengyu Expressway Advertising Company Limited
Chengyu Branch	Sichuan Expressway Company Limited Chengyu Branch
Chengyu Development Fund	Sichuan Chengyu Development Equity Investment Fund Centre (Limited Partnership)

Chengyu Expressway	Chengyu (Chengdu-Chongqing) Expressway (Sichuan Section)
Chengyu Financial Leasing Company	Chengyu Financial Leasing Company Limited
Chengyu Logistics Company	Sichuan Chengyu Logistics Company Limited (四川成渝物流有限公司)
Chengyu Private Equity Fund Management Company	Sichuan Chengyu Private Equity Fund Management Co., Ltd.* (formerly known as “Chengdu Chengyu Jianxin Equity Investment Fund Management Co., Ltd.”, former abbreviation “Chengyu Jianxin Fund Company”), with changes in shares of shareholders and name on 25 January 2022
Chengyu Supply Chain Management Company	Sichuan Chengyu Xingshu Supply Chain Management Company Limited (四川成渝興蜀供應鏈管理有限公司) (formerly known as “Sichuan Chengyu Commercial Factoring Company Limited (四川成渝商業保理有限公司)” “Tianyi United Commercial Factoring (Luzhou) Company Limited (天乙多聯商業保理(瀘州)有限公司)”), and the changes of name and scope of operations were completed on 28 June 2022
Company	Sichuan Expressway Company Limited
CSI SCE	CSI SCE Investment Holding Limited
Director(s)	director(s) of the Company
Dividend Entitlement Date	14 June 2023 (Wednesday), the date on which the Shareholders whose names appear on the H Shares register of member of the Company shall be entitled to the 2022 final dividend of the Company (if approved by the Shareholders at the 2022 AGM)

Group	the Company and its subsidiaries
H Share(s)	overseas listed shares of the Company with a nominal value of RMB1.00 each, which are issued in Hong Kong, subscribed for in Hong Kong dollars and listed on the main board of Stock Exchange
HK\$	Hong Kong dollar(s), the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Intermodal Transportation Company	Sichuan Multimodal United Transportation Investment and Development Co., Ltd. (四川省多式聯運投資發展有限公司) (previously known as “Sichuan Tianyi United Investment & Development Co., Ltd.” (四川省天乙多聯投資發展有限公司))
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange and/or the Rules Governing the Listing of Securities on the SSE, as the case may be
Long Bao Da PPP project in Lushan County	the Lushan County Longmen to Baosheng to Dachuan Tourism Highway Construction PPP Project
Lushan Shuhan Company	Lushan County Shuhan Engineering Construction Management Co., Ltd. (蘆山縣蜀漢工程建設管理有限公司)
Lushan Shunan Company	Lushan County Shunan Engineering Construction Project Management Co., Ltd. (蘆山縣蜀南工程建設項目管理有限公司)
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules of the Stock Exchange, which has been adopted by the Company as the code of conduct for securities transactions by the Directors and the Supervisors of the Company
PRC or Mainland China	The People’s Republic of China, for the purpose of this results announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
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
RMB	Renminbi, the lawful currency of the PRC
Rongcheng Second Ring Company	Sichuan Rongcheng Second Ring Expressway Development Co., Ltd.
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
Shudao Chengyu Investment Company	Sichuan Shudao Chengyu Investment Company Limited (四川蜀道成渝投資有限公司) (formerly known as “Chengdu Shuhai Investment Management Company Limited (成都蜀海投資管理有限公司)”, and the change of name was completed on 20 October 2022
Shudao Expressway	Sichuan Shudao Expressway Group Company Limited (四川蜀道高速公路集團有限公司)
Shudao Group	Shudao Investment and its subsidiaries (excluding the Group)
Shudao Investment	Shudao Investment Group Company Limited* (蜀道投資集團有限責任公司), the controlling shareholder of the Company which holds approximately 37.863% of the issued shares of the Company as at the date of this announcement
Shudao New Energy Company	Sichuan Shudao New Energy Technology Development Co., Ltd. (四川蜀道新能源科技發展有限公司) (formerly known as “Sichuan Chengyu Transportation Technology Development Co., Ltd. (四川成渝交通科技發展有限公司)” “Sichuan Chengyu Education Investment Co., Ltd. (四川成渝教育投資有限公司)”, and the changes of name and scope of operations were completed on 1 June 2022
Shuhong Company	Chengdu Shuhong Property Company Limited

Shunan Chengxing Company	Ziyang Shunan Chengxing Project Construction & Management Co., Ltd.
Shunan Company	Sichuan Shunan Investment Management Company Limited
Shuxia Company	Sichuan Shuxia Industrial Company Limited
SRB Group	Sichuan Road and Bridge Construction Group Company Limited
SRIG	Sichuan Railway Investment Group Co., LTD* (四川省鐵路產業投資集團有限責任公司)
SSE	Shanghai Stock Exchange
STIG Sichuan	Transportation Investment Group Corporation Limited
Stock Exchange	The Stock Exchange of Hong Kong Limited
Suiguang Expressway	Sichuan Suiguang (Suining-Guang'an) Expressway
Suiguang-Suixi Company	Sichuan Suiguang-Suixi Expressway Company Limited
Suiguang-Suixi Expressways BOT Project	the project on Suiguang Expressway and Suixi Expressway in the form of BOT (build-operate-transfer)
Suixi Expressway	Sichuan Suixi (Suining-Xichong) Expressway
Supervisor(s)	supervisor(s) of the Company
Supervisory Committee	supervisory committee of the Company
Tianqiong Expressway BOT Project	the project of Tianfu New District to Qionglai Expressway BOT (build-operate-transfer) project
Tianqiong Expressway Project	the project of Chengdu Tianfu New District to Qionglai Expressway

Zhonglu Energy Company Sichuan Zhonglu Energy Company Limited
Zhongxin Company Sichuan Zhongxin Assets Management Co., Ltd.
% per cent.

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

Chengdu, Sichuan Province, the PRC
30 March 2023

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 Madam Xue Min as executive Directors, Mr. Wu Xinhua (Vice Chairman), Mr. Li Chengyong and Mr. Chen Chaoxiong as non-executive Directors, Mr. Yu Haizong, Mr. Yan Qixiang, Madam Bu Danlu and Mr. Zhang Qinghua as independent non-executive Directors.

* *For identification purposes only*