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Chengdu Expressway Co., Ltd.
成都高速公路股份有限公司

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

(Stock Code: 01785)

2020 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the “**Board**”) of Chengdu Expressway Co., Ltd. (the “**Company**”) hereby announces the unaudited results announcement of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2020. This announcement, containing the full text of the 2020 Interim Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to the information to accompany preliminary announcement of interim results and has been reviewed by the Audit and Risk Management Committee under the Board of the Company. The printed version of the Company’s 2020 Interim Report will be despatched to the registered holders of H shares of the Company and published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chengdugs.com) on or before 30 September 2020.

On behalf of the Board
Chengdu Expressway Co., Ltd.
Xiao Jun
Chairman

Chengdu, the PRC
27 August 2020

As at the date of this announcement, the Board comprises Mr. Yang Tan, Mr. Zhang Dongmin, Ms. Wang Xiao and Mr. Luo Dan as executive directors, Mr. Xiao Jun and Mr. Yang Bin as non-executive directors, and Mr. Shu Wa Tung, Laurence, Mr. Ye Yong and Mr. Li Yuanfu as independent non-executive directors.

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DEFINITIONS

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below:

"Articles of Association"	the articles of association of the Company
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors of the Company
"Chengbei Exit Expressway Company"	Chengdu Chengbei Exit Expressway Co., Ltd. (成都城北出口高速公路有限公司), a company incorporated in the PRC with limited liability, which is an associate of the Company with 40% of its equity interests held by the Company
"Chengdu Airport Expressway Company"	Chengdu Airport Expressway Co., Ltd. (成都機場高速公路有限責任公司), a company incorporated in the PRC with limited liability, which is a non-wholly-owned subsidiary of the Company with 55% of its equity interests held by the Company
"Chengdu Communications"	Chengdu Communications Investment Group Co., Ltd. (成都交通投資集團有限公司), a company incorporated in the PRC with limited liability, which is one of the controlling shareholders of the Company
"Chengdu Communications Group"	Chengdu Communications and its subsidiaries
"Chengdu Energy Development Company"	Chengdu Energy Development Co., Ltd. (成都能源發展股份有限公司), a joint stock company incorporated in the PRC with limited liability, held by the Company as to 94.49% and became a non-wholly-owned subsidiary of the Company on 12 August 2020
"Chengdu Expressway Construction"	Chengdu Expressway Construction and Development Co., Ltd. (成都高速公路建設開發有限公司), a company incorporated in the PRC with limited liability, which is one of the controlling shareholders of the Company
"Chengdu Jiaoyun CNG"	Chengdu Jiaoyun Compressed Natural Gas Development Co., Ltd. (成都交運壓縮天然氣發展有限公司), a company incorporated in the PRC with limited liability and a 25%-owned associate of Chengdu Energy Development Company
"Chengdu Jiuhe"	Chengdu Jiuhe Oil Management Co., Ltd. (成都九河石油經營有限公司), a company incorporated in the PRC with limited liability and a 43%-owned associate of Chengdu Energy Development Company
"Chengdu Tongneng"	Chengdu Tongneng Compressed Natural Gas Co., Ltd. (成都通能壓縮天然氣有限公司), a company incorporated in the PRC with limited liability and an associate of Chengdu Energy Development Company with 30% of its equity interests held by Chengdu Energy Development Company

DEFINITIONS

"Chengming Expressway Company"	Sichuan Chengming Expressway Co., Ltd. (四川成名高速公路有限公司), a company incorporated in the PRC with limited liability, which is a non-wholly-owned subsidiary of the Company with 51% of its equity interests held by the Company
"Chengpeng Expressway Company"	Chengdu Chengpeng Expressway Co., Ltd. (成都成彭高速公路有限公司), a company incorporated in the PRC with limited liability, which is a non-wholly-owned subsidiary of the Company with 99.74% of its equity interests held by the Company
"Chengwenqiong Expressway Company"	Chengdu Chengwenqiong Expressway Co., Ltd. (成都成溫邛高速公路有限公司), a company incorporated in the PRC with limited liability, which is a wholly-owned subsidiary of the Company
"Chengyu Expressway Company"	Sichuan Expressway Company Limited (四川成渝高速公路股份有限公司), a joint stock company incorporated in the PRC with limited liability, a substantial shareholder of Chengdu Airport Expressway Company and a controlling shareholder of Chengbei Exit Expressway Company
"CNG"	compressed natural gas
"Communications Investment Energy"	Chengdu Communications Investment Energy Development Co., Ltd. (成都交投能源發展有限公司), a company incorporated in the PRC with limited liability, which is a subsidiary of Chengdu Energy Development Company with 55% of its equity interests held by Chengdu Energy Development Company
"Company"	Chengdu Expressway Co., Ltd. (成都高速公路股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed and traded on the Stock Exchange
"Company Law"	the Company Law of the PRC (《中華人民共和國公司法》)
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed thereto under the Listing Rules, in this report refers to Chengdu Communications and Chengdu Expressway Construction
"Director(s)"	the director(s) of the Company
"Domestic Share(s)"	ordinary share(s) of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"GDP"	gross domestic product
"Global Offering"	has the meaning ascribed thereto in the Prospectus
"Group"	the Company and its subsidiaries from time to time

DEFINITIONS

"H Share(s)"	overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and are approved to be listed and traded on the Stock Exchange
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Independent Shareholders"	the Shareholders other than Chengdu Communications and Chengdu Expressway Construction
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"MOT"	Ministry of Transport of the People's Republic of China
"Operation Company"	Chengdu Expressway Operation Management Co., Ltd. (成都高速運營管理有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company with 100% of its equity interests held by the Company
"PetroChina"	PetroChina Company Limited (中國石油天然氣股份有限公司), a joint stock company incorporated in the PRC with limited liability
"PetroChina Chengdu Sales Branch"	PetroChina Company Limited Sichuan Chengdu Sales Branch (中國石油天然氣股份有限公司四川成都銷售分公司), a branch of PetroChina
"PetroChina Sichuan Sales Branch"	PetroChina Company Limited Sichuan Sales Branch (中國石油天然氣股份有限公司四川銷售分公司), a branch of PetroChina
"Prospectus"	the prospectus of the Company dated 28 December 2018
"refined oil"	petrol and diesel oil
"Reporting Period"	the six-month period ended 30 June 2020

DEFINITIONS

"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	the share(s) of the Company, including Domestic Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s) of the Company
"Sinopec Chengdu Energy"	Sinopec Chengdu Energy Co., Ltd. (中石化成都能源有限公司), a company incorporated in the PRC with limited liability and a joint venture company with 50% of its equity interest held by Chengdu Energy Development Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Tongneng Jinfu"	Chengdu Tongneng Jinfu Natural Gas Co., Ltd. (成都通能金府天然氣有限公司), a company incorporated in the PRC with limited liability and a 100%-owned subsidiary of Chengdu Tongneng
"Zhengtongdaoqiao"	Pengzhou Zhengtongdaoqiao Construction Company Limited (彭州市正通道橋建設有限責任公司)
"Zhenxing Company"	Chengdu Expressway Zhenxing Development Co., Ltd. (成都高速振興發展有限責任公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company with 80% of its equity interests held by the Company
"Zhongyou Energy"	Chengdu Zhongyou Energy Co., Ltd. (成都中油能源有限公司), a company incorporated in the PRC with limited liability, which is a subsidiary of Chengdu Energy Development Company with 51% of its equity interests held by Chengdu Energy Development Company
"Zhongyou Jieneng"	Zhongyou Jieneng (Chengdu) Environmental Protection Technology Co., Ltd. (中油潔能(成都)環保科技有限公司), a company incorporated in the PRC with limited liability, which is a subsidiary of Chengdu Tongneng with 52.51% of its equity interest held by Chengdu Tongneng

DEFINITIONS

GLOSSARY OF TECHNICAL TERMS

“Batch Payment Model”

a toll collection model only applicable to passenger vehicles with local licenses on Chengpeng Expressway and all vehicles with local licenses on Chengwenqiong Expressway which can pass through the toll plazas on these two expressways without toll payment. The relevant local governments, instead, pay the Group toll fees pursuant to the batch payment agreements entered with Chengpeng Expressway Company and Chengwenqiong Expressway Company, respectively, of which Chengpeng Expressway has restored the Standard Toll Collection Model in July 2018

“daily weighted-average traffic volume”

represents the summation of the daily traffic volume and mileage of each section of expressways, i.e. the section from an expressway toll station to the next toll station, divided by the sum of the mileage. For Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Qiongmeng Expressway and Chengdu Airport Expressway, the daily traffic volume includes the number of vehicles leaving the expressway’s toll plazas, the number of vehicles entering the expressway but leaving from other expressways, and the number of vehicles passing by but not entering the expressways or leaving from the expressway’s toll plazas, but excluding vehicles entitled to toll-free treatment such as vehicles using the expressway during national holidays and, for Chengdu Airport Expressway, also excluding vehicles that have purchased annual tickets. The traffic volume of Chengwenqiong Expressway has taken into account the traffic volume under the Batch Payment Model

“ETC”

electronic toll collection

“Standard Toll Collection Model”

a toll collection model that requires payment at the time of passing-through and is applicable to all the vehicles on the expressways of the Group that are not eligible for the Batch Payment Model

GROUP PROFILE

The Group is principally engaged in the operation, management and development of expressways located in and around Chengdu, Sichuan Province. Meanwhile, the Group also carries out retail business of refined oil. Business operations of the Group are therefore categorised into “expressway” and “energy” segments.

The “expressway” segment constitutes the traditional principal business of the Group. As at the date of this report, the Group owned five expressways, i.e., Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Qiongming Expressway and Chengdu Airport Expressway, and held 40% equity interests in Chengbei Exit Expressway, covering a total network mileage of 202.37 kilometres (including Chengbei Exit Expressway). Located strategically in areas adjacent to Chengdu, expressways operated and invested by the Group are an integral part to the expressway network surrounding Chengdu which connect several districts with abundant economic, cultural and tourism resources. In recent years, the expressways operated and managed by the Group have secured remarkable performance in maintenance, security and quality service and has garnered various honours such as “Twelfth Five-Year” Excellent Highway Maintenance and Management Enterprise of Sichuan Province (“十二五”全省幹線公路養護管理工作優秀單位), Provincial Model Enterprise for Safe Culture Construction (省級安全文化建設示範企業), Expressway with Good Service, Environment, Security, Maintenance and Operation of Sichuan Province (四川省“五好”高速公路) and national “Youth Civilization Unit” (“青年文明號”).

The “energy” segment was consolidated into the Group on 12 August 2020. As at the date of this report, the Group had a total of 20 petrol stations located in Chengdu of Sichuan Province, through which refined oil is primarily sold to users of motor vehicles fueled by petrol and diesel oil. The Group also conducts operation business of CNG through its joint venture and associates (the joint venture and certain associates are also engaged in retail business of refined oil).

As at the end of the Reporting Period, total assets of the Group reached RMB8.31 billion.

Overview of the “Expressway” Segment

- Chengguan Expressway is a major part of the G4217 national expressway and a key section connecting Sichuan Province with Gansu Province, Qinghai Province and Tibet. It is also the main road to access Dujiangyan, a historic city, Qingcheng Mountain, Jiuzhai Valley, Huanglong and other tourist attractions and connects most of the catalogued UNESCO World Heritage Sites located in Sichuan Province.
- Chengpeng Expressway is a major part of the S105 provincial expressway, which is a key component of the radial-shaped road network surrounding Chengdu and the main route connecting Chengdu to north areas of Sichuan Province.
- Chengwenqiong Expressway is a major part of the S8 provincial expressway and is of economic and cultural significance to western Chengdu. It is also the only expressway gateway within the region that connects Wenjiang, Chongzhou, Dayi, Qionglai and other major satellite cities of Chengdu.
- Chengdu Airport Expressway is a major part of the S6 provincial expressway and the main expressway to Chengdu Shuangliu Airport from downtown Chengdu.
- Qiongming Expressway is a major part of the S8 provincial expressway and an extension of Chengwenqiong Expressway. It connects to Yunnan Province via Chengya Expressway (成雅高速公路) – Yaxi Expressway (雅西高速公路) – Xipan Expressway (西攀高速公路) and to the Tibetan region via Chengya Expressway (成雅高速公路) – Yakang Expressway (雅康高速公路) – G318 national expressway.

GROUP PROFILE

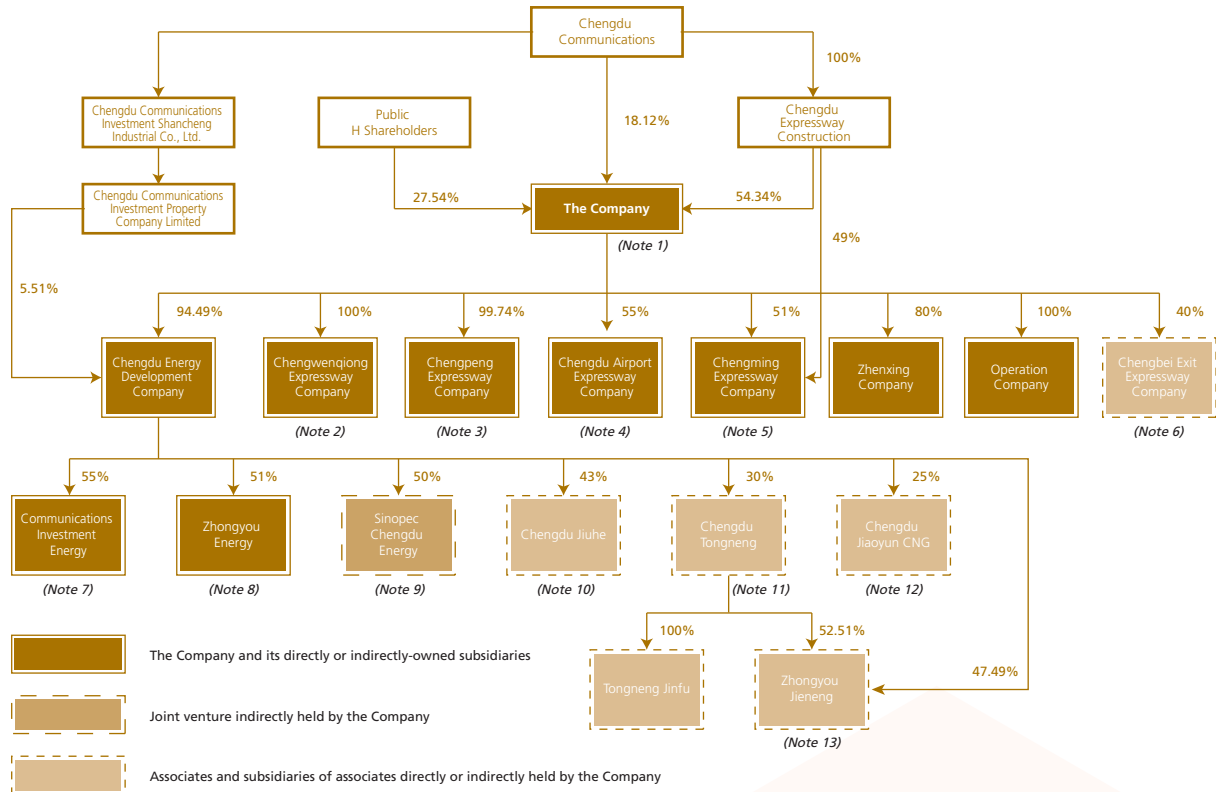
- Chengbei Exit Expressway forms part of the G5 Beijing-Kunming national expressway and is an important expressway connecting downtown Chengdu with Chengmian Expressway (成綿高速) and Chengdu Ring Expressway (成都繞城高速).

Overview of the “Energy” Segment

Of the “energy” segment of the Group, Chengdu Energy Development Company conducts retail business of refined oil through its subsidiaries, and operates business of CNG through its joint venture and associates (the joint venture and certain associates are also engaged in retail business of refined oil). As at the date of this report, Chengdu Energy Development Company had two subsidiaries, being Zhongyou Energy and Communications Investment Energy, and six joint venture and associates such as Sinopec Chengdu Energy and Chengdu Tongneng through direct or indirect shareholding.

GROUP STRUCTURE

The chart below sets out the Group's structure as at the date of this report:



The table below sets forth certain key operating data of the expressways operated and invested in by the Group as at the date of this report:

Name	Percentage of Ownership	Length (km)	Number of Lanes	Number of Toll Stations	Commencement of Operation	Expiration Date
Chengguan Expressway	100%	40.44	6	7	July 2000	July 2030
Chengwenqiong Expressway	100%	65.60	6/4	12	January 2005	January 2035
Chengpeng Expressway	99.74%	21.32	6/8	4	November 2004	October 2033
Chengdu Airport Expressway	55%	11.98	4	1	July 1999	December 2024
Qiongmeng Expressway	51%	52.68	4	5	November 2010	November 2038
Chengbei Exit Expressway	40%	10.35	6	1	December 1998	June 2024

GROUP STRUCTURE

The table below sets forth certain operation information of subsidiaries, joint venture, associates and subsidiaries of associates of Chengdu Energy Development Company as of the date of this report:

Name	Date of Incorporation	Principal Business	Number of Stations Operated
Zhongyou Energy	19 June 2009	Retail of refined oil	15 petrol stations
Communications Investment Energy	15 November 2010	Retail of refined oil	5 petrol stations
Sinopec Chengdu Energy	25 December 2012	Retail of refined oil and operation of CNG	1 petrol station and 1 gas station
Chengdu Jiuhe	24 November 2010	Retail of refined oil	1 petrol station
Chengdu Tongneng	12 January 2009	Operation of CNG	14 gas stations
Chengdu Jiaoyun CNG	26 December 2000	Operation of CNG	1 gas station
Zhongyou Jieneng	14 September 2006	Operation of CNG	6 gas stations
Tongneng Jinfu	30 November 2000	Operation of CNG	1 gas station

Notes:

1. The Company holds 100% interests in Chengguan Expressway.
2. Chengwenqiong Expressway Company holds 100% interests in Chengwenqiong Expressway.
3. The Company holds 99.74% interests in Chengpeng Expressway through Chengpeng Expressway Company, and the remaining 0.26% interests are held by Zhengtongdaoqiao.
4. The Company holds 55% interests in Chengdu Airport Expressway through Chengdu Airport Expressway Company. The remaining 45% interests of Chengdu Airport Expressway are held by Chengyu Expressway Company and Sichuan Xinneng Real Estate Limited (四川新能置業有限公司) as to 25% and 20%, respectively.
5. The Company holds 51% interests in Qiongming Expressway through Chengming Expressway Company. The remaining 49% equity interests in Chengming Expressway Company are held by Chengdu Expressway Construction.
6. Furthermore, the Company holds 40% interests in Chengbei Exit Expressway through Chengbei Exit Expressway Company. The remaining 60% interests of Chengbei Exit Expressway are held by Chengyu Expressway Company.
7. The remaining 45% equity interests of Communications Investment Energy, which is held as to 55% by Chengdu Energy Development Company, is held by Chengdu Huaguan Industrial Co., Ltd. (成都華冠實業股份有限公司).
8. The remaining 49% equity interests of Zhongyou Energy, which is held as to 51% by Chengdu Energy Development Company, is held by PetroChina.
9. The remaining 50% equity interests of Sinopec Chengdu Energy, which is held as to 50% by Chengdu Energy Development Company, is held by China Petroleum and Chemical Corporation Sichuan Petroleum Branch (中國石油化工股份有限公司四川石油分公司).
10. The remaining 57% equity interests of Chengdu Jiuhe, which is held as to 43% by Chengdu Energy Development Company, is held by Chengdu Rongtai Industry Corporation (成都榮泰實業總公司).

GROUP STRUCTURE

11. The remaining 70% equity interests of Chengdu Tongneng, which is held as to 30% by Chengdu Energy Development Company, is held as to 55% and 15% by Chengdu Zhengtong Hengsheng Enterprise Management Co., Ltd. (成都正通恆盛企業管理有限公司) and Chengdu Luneng Compressed Natural Gas Co., Ltd. (成都魯能壓縮天然氣有限責任公司), respectively.
12. The remaining 75% equity interests of Chengdu Jiaoyun CNG, which is held as to 25% by Chengdu Energy Development Company, is held as to 20%, 20% and 35% by Chengdu Zhengkun Technology Co., Ltd. (成都正昆科技有限責任公司), PetroChina and Chengdu Bus Compressed Natural Gas Co., Ltd. (成都公交壓縮天然氣股份有限公司), respectively.
13. The remaining 52.51% equity interests of Zhongyou Jieneng, which is held as to 47.49% by Chengdu Energy Development Company, is held by Chengdu Tongneng.

MAJOR EVENTS DURING THE REPORTING PERIOD

POLICY REGARDING WAIVER OF TOLLS ON TOLL ROADS DURING CONTAINMENT OF COVID-19 PANDEMIC ISSUED BY THE MOT

With the approval from the State Council, the MOT determined to waive tolls on toll roads nationwide during containment of the novel coronavirus pandemic (the "COVID-19 Pandemic"). Accordingly, tolls were waived for all vehicles legally travelling through the Group's Chengguan Expressway, Chengwenqiong Expressway, Chengpeng Expressway, Chengdu Airport Expressway and Qiongmeng Expressway as well as Chengbei Exit Expressway in which the Group holds equity interests from 00:00 on 17 February 2020 to 00:00 on 6 May 2020. As disclosed in the profit warning announcement of the Company dated 17 July 2020, implementation of such policy resulted in a significant adverse impact on the Group's toll income and profit for the six months ended 30 June 2020.

THE PROJECT INVESTMENT AGREEMENT WITH THE PEOPLE'S GOVERNMENT OF PIDU DISTRICT IN CHENGDU AND ESTABLISHMENT OF ZHENXING COMPANY

On 4 March 2020, the Company entered into the Project Investment Agreement with the People's Government of Pidu District in Chengdu, Sichuan Province ("Pidu District Government"), pursuant to which, Pidu District Government shall support the Company to invest in the construction of a Class B expressway service area in proximity to Ande Toll Station (near K22 of Chengguan Expressway) within Pidu District (the "Project"). Details of the Project are as follows: (1) core functional area (Phase I): to establish essential functions featuring Class B service areas such as petrol and gas stations, parking and maintenance, fast food chains and specialty stores; and (2) expansion area (Phase II): based on ensuring the necessary functions of the service area, to develop the "service area +" integration development project depending on the availability of land by exploring the integrated development of the service area with, among other things, tourism, logistics, culture and new energy to promote the construction of "service area + tourism" and "service area + local characteristics". According to the Project Investment Agreement, the Company undertakes to establish a project company with a registered capital of not less than RMB100 million (to be contributed within three years) which will be absolutely controlled by the Company and will be responsible for the investment and construction of the Project. Pidu District Government undertakes to be responsible for the supporting infrastructure of the Project, and to offer preferential policies including the existing industrial talent programs in Pidu District and other incentives. It is expected that investment of approximately RMB150 million will be made for the core functional area (Phase I), and approximately RMB350 million of fixed assets will be made for the expansion area (Phase II) which is subject to the availability of land. The project company will finance the investment through various financing channels, including shareholder contribution.

The Company has established Zhenxing Company with a registered capital of RMB100 million. Zhenxing Company is held as to 80% and 20% by the Company and Chengdu Pidu District Shudu Country Zhenxing Investment Development Co., Ltd. (成都市郫都区蜀都乡村振兴投资发展有限公司), an independent third party, respectively. In view of the above undertakings, Zhenxing Company, as the project company for the Project, is responsible for investment and construction of Ande service area.

MAJOR EVENTS DURING THE REPORTING PERIOD

ESTABLISHMENT OF OPERATION COMPANY

On 29 April 2020, the Company established a 100%-owned subsidiary, Operation Company, in Pidu District of Chengdu with a registered capital of RMB20 million, which is an expressway operation management company integrating operation and management, maintenance and construction as well as asset management of expressways. During the Reporting Period, the Company, Chengpeng Expressway Company, Chengwenqiong Expressway Company, Chengdu Airport Expressway Company and Chengming Expressway Company have entrusted the Operation Company to be responsible for the management of, among others, toll collection, maintenance and asset operation and development business of the Group's Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Chengdu Airport Expressway and Qiongming Expressway. The Operation Company proposes to expand entrusted operation and management services to external expressways in due course.

ACQUISITION OF 94.49% OF THE TOTAL SHARES OF CHENGDU ENERGY DEVELOPMENT COMPANY

On 25 May 2020, the Company entered into the Share Transfer Agreement with Chengdu Communications, pursuant to which, the Company agreed to acquire and Chengdu Communications agreed to dispose of 360,000,000 shares of Chengdu Energy Development Company, representing 94.49% of the total shares of Chengdu Energy Development Company, at a consideration of RMB727,570,000. The acquisition was considered and approved by the Independent Shareholders on 7 August 2020 and was completed on 12 August 2020. Upon completion of the acquisition, Chengdu Energy Development Company became a direct non-wholly-owned subsidiary of the Company.

REVIEW AND OUTLOOK

BUSINESS REVIEW

During the Reporting Period, the COVID-19 Pandemic struck a heavy blow to macro economy. According to data from the National Bureau of Statistics, the Sichuan Provincial Bureau of Statistics and the Chengdu Municipal Bureau of Statistics, from January to June 2020, national GDP recorded a year-on-year decrease of 1.6%, as compared to an increase of 6.3% during the corresponding period of 2019 while GDP of Sichuan Province and Chengdu only increased by 0.6% year-on-year, as compared to an increase of 7.9% and 8.2%, respectively during the corresponding period of 2019, suggesting a significant slow-down in economic growth from the corresponding period of previous year. With respect to the transportation industry, travelling willingness of residents dropped sharply due to the COVID-19 Pandemic. In addition, the policy on waiver of tolls on toll roads nationwide from 00:00 on 17 February 2020 to 00:00 on 6 May 2020 issued by the MOT (the "Toll Waiver Policy of the MOT") also contributed to a negative impact on the operating results of domestic expressway enterprises for the first half of the year. Under such background, the Group registered a substantial decline in toll income and profit as compared with the same period last year. During the Reporting Period, revenue of the Group amounted to RMB316,544,000 (corresponding period of 2019: RMB562,974,000), representing a year-on-year decrease of 43.8%, of which toll income amounted to RMB314,388,000 (corresponding period of 2019: RMB562,974,000), representing a year-on-year decrease of 44.2%; and profit and total comprehensive income attributable to owners of the Company reached RMB64,059,000 (corresponding period of 2019: RMB230,529,000), representing a year-on-year decrease of 72.2%.

During the Reporting Period, toll income of Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Chengdu Airport Expressway and Qiongming Expressway amounted to RMB74,431,000, RMB62,049,000, RMB100,972,000, RMB35,880,000 and RMB41,056,000, respectively, representing a year-on-year decrease of 48.7%, 45.0%, 50.4%, 49.4% and 53.1%^(Note).

Note: According to the circular of the Company dated 29 November 2019, the audited toll income of Qiongming Expressway for the six months ended 30 June 2019 was RMB87,453,000. During the Reporting Period, toll income of Qiongming Expressway was RMB41,056,000, representing a decrease of 53.1% from RMB87,453,000 as mentioned above.

REVIEW AND OUTLOOK

During the Reporting Period, as primarily affected by the COVID-19 Pandemic and the Toll Waiver Policy of the MOT, toll income of expressways of the Group recorded a year-on-year decrease of 45.0% to 53.1% from the same period of last year. Meanwhile, each expressway of the Group was exposed to different levels of impact as a result of variations in location and length. In general, the farther away from the urban area of Chengdu and the longer the mileage, the more regional pandemic containment measures (such as cross-regional access monitoring) vehicles need to undertake, and the greater impact on toll income of expressways, and vice versa. In addition, traffic volume of Chengdu Airport Expressway was also subject to the decrease in passenger throughput of airport due to its special location and functionality as it connects and serves the airport.

OUTLOOK FOR THE SECOND HALF OF THE YEAR

During the Reporting Period, domestic macro economy witnessed a surge after a decline as a result of the COVID-19 Pandemic, when growth rate recorded a negative increase for the first quarter and turned positive in the second quarter amid steady recovery. According to data from the National Bureau of Statistics and the Sichuan Provincial Bureau of Statistics, national GDP increased by -6.8% and -1.6%, while GDP in Sichuan gained -3.0% and 0.6%, respectively for the first quarter of 2020 and the first half of the year, showing potent rising trends.

As at the date of this report, the COVID-19 Pandemic had been generally under control across the nation thanks to coordinated efforts made by governments at different levels to contain spread of the COVID-19 Pandemic and promote economic development, as well as actively encourage work and production resumption. If current achievements of China in COVID-19 Pandemic containment will be maintained in the second half of the year, the market expectations trends positive, and professional operation of the Operation Company will enhance the management efficiency and cost control capacity of the expressway business of the Group, it is expected that the operating performances of the Company in the second half of the year will pick up to those recorded in the same period last year.

Chengdu Energy Development Company is primarily engaged in retail of refined oil and carries out CNG operation business through its joint venture and associates. In the second half of 2020, following the completion of acquisition of 94.49% of the total shares in Chengdu Energy Development Company, assets scale and business scope of the Group will be expanded. Although during the Reporting Period, operating results of Chengdu Energy Development Company were also subject to headwinds triggered by the COVID-19 Pandemic, leveraging the sound resilience of its principal business and stable supply and sales channel, it is believed that, in the long run, the acquisition will strengthen the sustainability of the Group and diminish risks of operating in a single industry, thereby contributing to a positive impact on the future operating results of the Group.

In 2020, favourable policies continue to be introduced to support transportation investment in Sichuan Province. In the first quarter of 2020, Sichuan Provincial Department of Transportation raised the annual goal to ensure investment of RMB140 billion and strive for RMB170 billion in construction of highways and waterways, including RMB100 billion in expressways. According to data from the MOT, from January to June 2020, fixed-asset investment totaling RMB73.629 billion were made in highways in Sichuan Province. Against such investment environment, quality expressways and assets in related industries will emerge in the market. The Company will keep close track of market trends and make timely judgments to actively explore business expansion opportunities leveraging sound financial policies.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF THE GROUP'S OPERATING RESULTS

	For the six months ended 30 June 2020 RMB'000	For the six months ended 30 June 2019 RMB'000 (Restated)
Revenue	316,544	562,974
Including:		
Toll income	314,388	562,974
Construction revenue in respect of service concession arrangements	2,156	–
Profit before tax	45,195	298,205
Profit and total comprehensive income for the period attributable to owners of the Company	64,059	230,529
Earnings per Share attributable to ordinary equity holders of the Company		
– Basic and diluted	RMB0.039	RMB0.143

SUMMARY OF THE GROUP'S FINANCIAL POSITION

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Total assets	8,310,425	8,335,014
Total liabilities	4,653,058	4,519,008
Non-controlling interests	492,046	516,012
Equity attributable to owners of the Company	3,165,321	3,299,994

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

During the Reporting Period, the Group is primarily engaged in toll collection and maintenance and repair of the expressways operated by it in its daily operations, including Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Qiongming Expressway and Chengdu Airport Expressway. During the Reporting Period, the Group achieved revenue of RMB316,544,000, representing a year-on-year decrease of RMB246,430,000, or 43.8%, which was primarily attributable to a decline in toll income by 44.2% during the Reporting Period due to the impact of COVID-19 Pandemic and the Toll Waiver Policy of the MOT. The table below sets forth a breakdown of toll income and construction revenue in respect of service concession arrangements by expressway and construction revenue in respect of service concession arrangements during the Reporting Period:

	For the six months ended 30 June 2020 RMB'000	For the six months ended 30 June 2019 RMB'000 (Restated)	Increase/ (decrease) during the Reporting Period over the same period of last year
Chengguan Expressway	74,431	145,159	(48.7%)
Chengpeng Expressway	62,049	112,851	(45.0%)
Chengwenqiong Expressway	100,972	203,381	(50.4%)
Chengdu Airport Expressway	35,880	70,912	(49.4%)
Qiongming Expressway	41,056	30,671 ^(Note)	Please refer to the note below
Toll income	314,388	562,974	(44.2%)
Construction revenue in respect of service concession arrangements	2,156	–	100%
Total revenue	316,544	562,974	(43.8%)

Note: As stated in note 2.1 of the interim condensed consolidated financial information, comparative financial information for the six months ended 30 June 2019 has been restated to reflect the business combination under common control as if the acquisition of Chengming Expressway Company by the Company had occurred when Chengming Expressway Company first came under the control of Chengdu Expressway Construction on 7 May 2019. Therefore, comparative data of RMB30,671,000 of Qiongming Expressway set out in the table above only included toll income of Qiongming Expressway from May to June 2019. According to the circular of the Company dated 29 November 2019, the audited toll income of Qiongming Expressway from January to June 2019 was RMB87,453,000. Therefore, during the Reporting Period, toll income of Qiongming Expressway represented a decrease of 53.1% compared with RMB87,453,000 recorded from January to June 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Set out below is the traffic volume of each expressway of the Group recorded during the period from 6 May 2020 to 30 June 2020 (the "Toll Resumption Period") since resumption of toll charge from 00:00 on 6 May 2020:

	Daily weighted-average traffic volume (vehicle)		Year-on-year increase/ (decrease)
	From 6 May 2020 to 30 June 2020	From 1 May 2019 to 30 June 2019	
Toll expressway			
Chengguan Expressway	45,826	43,297	5.8%
Chengpeng Expressway	59,543	51,738	15.1%
Chengwenqiong Expressway	58,820	57,240	2.8%
Chengdu Airport Expressway	38,100	43,832	(13.1%)
Qiongming Expressway	15,282	14,664	4.2%
Total	217,571	210,771	3.2%

During the Toll Resumption Period, traffic volume on the Group's expressways in general recorded a slight increase from the corresponding period last year. In particular: (i) Chengpeng Expressway recorded a significant increase as it attracted more traffic volume due to increased number of lanes after expansion and renovation; (ii) Chengguan Expressway, Chengwenqiong Expressway and Qiongming Expressway experienced natural increase in traffic volume following the successful containment of COVID-19 Pandemic and recovery of regional economic development; and (iii) Chengdu Airport Expressway recorded a year-on-year decrease in toll income during the Toll Resumption Period as it connects and serves Shuangliu Airport and is therefore directly exposed to the decrease in flight throughput of Shuangliu Airport during the COVID-19 Pandemic.

MANAGEMENT DISCUSSION AND ANALYSIS

COST OF SALES

During the Reporting Period, cost of sales of the Group primarily included depreciation and amortisation, staff salary and road repair, maintenance, cleaning and greening costs. During the Reporting Period, cost of sales of the Group increased by 4.7% to RMB230,156,000 (corresponding period of 2019: RMB219,788,000). During the Reporting Period, the amount incurred by Chengming Expressway Company from January to June 2020 was fully consolidated into the Group, leading to an increase in depreciation of property, plant and equipment and amortisation of service concession arrangements. Of the cost of sales of the Group during the Reporting Period, depreciation of property, plant and equipment amounted to RMB24,781,000 (corresponding period of 2019: RMB16,515,000) and amortisation of service concession arrangements amounted to RMB128,440,000 (corresponding period of 2019: RMB83,941,000).

GROSS PROFIT AND GROSS PROFIT MARGIN

During the Reporting Period, gross profit from the Group's operations amounted to RMB86,388,000 (corresponding period of 2019: RMB343,186,000), representing a year-on-year decrease of 74.8%; and gross profit margin amounted to 27.3% (corresponding period of 2019: 61.0%), representing a year-on-year decrease of 33.7 percentage points, primarily attributable to the decrease in revenue due to the COVID-19 Pandemic and the Toll Wavier Policy of the MOT.

ADMINISTRATIVE EXPENSES

During the Reporting Period, the Group's administrative expenses amounted to RMB20,485,000 (corresponding period of 2019: RMB28,737,000), representing a year-on-year decrease of 28.7%, which was mainly attributable to the decrease in staff cost as a result of the exemption of social insurance contribution from February to June 2020 following implementation of the Measures for the Temporary Reduction and Exemption of Enterprise Social Insurance Contributions of Sichuan Province (Chuan Ren She Fa [2020] No. 1) issued by the Department of Human Resources and Social Security of Sichuan Province and other four departments on 4 March 2020.

During the Reporting Period, the employee benefit expense of the Group (including salary and social security expenses) was RMB12,754,000 (corresponding period of 2019: RMB19,861,000).

SHARE OF PROFITS OF AN ASSOCIATE

During the Reporting Period, the Company recognised share of profits of RMB4,017,000 (corresponding period of 2019: RMB13,575,000) arising from its 40% equity interests in Chengbei Exit Expressway Company, representing a year-on-year decrease of 70.4%, which was attributable to a significant decrease in revenue of Chengbei Exit Expressway Company as a result of the COVID-19 Pandemic and the Toll Wavier Policy of the MOT, leading to an impact on share of profits of an associate of the Company during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

During the Reporting Period, profit and total comprehensive income for the period attributable to owners of the Company amounted to RMB64,059,000 (corresponding period of 2019: RMB230,529,000), representing a year-on-year decrease of 72.2%; and basic and diluted earnings per Share amounted to RMB0.039 (corresponding period of 2019: RMB0.143), representing a year-on-year decrease of 72.7%, which was mainly attributable to the significant decrease in revenue due to the COVID-19 Pandemic and the Toll Wavier Policy of the MOT.

OVERALL CONDITIONS OF ASSETS AND LIABILITIES

As at the end of the Reporting Period, total assets of the Group amounted to RMB8,310,425,000 (as at 31 December 2019: RMB8,335,014,000), which were basically the same as those as at the end of 2019. As at the end of the Reporting Period, the Group's total assets mainly consisted of service concession rights in respect of Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Qiongming Expressway and Chengdu Airport Expressway and the equity investment in Chengbei Exit Expressway Company, an associate of the Group. The above assets accounted for 71.1% of the Group's total assets while cash and cash equivalents and other assets accounted for 22.1% and 6.8% of total assets, respectively.

As at the end of the Reporting Period, total liabilities of the Group amounted to RMB4,653,058,000 (as at 31 December 2019: RMB4,519,008,000), basically unchanged as those as at the end of 2019.

BORROWINGS AND REPAYMENT CAPACITY

As at the end of the Reporting Period, total liabilities of the Group amounted to RMB4,653,058,000 (as at 31 December 2019: RMB4,519,008,000), of which 62.9% represented bank and other borrowings (as at 31 December 2019: 66.7%), while 26.2% represented trade payables to suppliers (as at 31 December 2019: 24.5%).

As at the end of the Reporting Period, total interest-bearing bank and other borrowings of the Group amounted to RMB2,927,186,000 (as at 31 December 2019: RMB3,014,717,000), of which RMB2,822,000,000 represented bank borrowings and RMB105,186,000 represented other borrowings, and 93.9% of the interest-bearing borrowings are not repayable within one year.

As at the end of the Reporting Period, bank borrowings and other borrowings of the Group carried a fixed annual interest rate ranging from 4.31% to 4.90%.

During the Reporting Period, total interest expenses of the Group amounted to RMB67,381,000 (corresponding period of 2019: RMB54,015,000). Earnings before interest and tax amounted to RMB112,576,000 (corresponding period of 2019: RMB352,220,000) and therefore interest coverage ratio (earnings before interest and tax divided by interest expenses) was 1.7 (corresponding period of 2019: 6.5).

As at the end of the Reporting Period, gearing ratio (being total liabilities divided by total assets) of the Group was 56.0% (as at 31 December 2019: 54.2%).

MANAGEMENT DISCUSSION AND ANALYSIS

BORROWING RATIO

Being a measurement of financial leverage, borrowing ratio is calculated as net debt divided by “total equity and net debt”. Net debt refers to interest-bearing bank and other loans minus cash and cash equivalents, not including liabilities for working capital. Equity includes equity attributable to owners of the Company and non-controlling interests. As at the end of the Reporting Period, borrowing ratio was 22.9% (as at 31 December 2019: 28.3%).

CAPITAL EXPENDITURE COMMITMENTS AND UTILISATION

During the Reporting Period, capital expenditure of the Group amounted to RMB2,401,000, which was mainly used for service concession arrangements, construction in progress and acquisition of equipment.

As at the end of the Reporting Period, total capital expenditure commitments of the Group amounted to RMB8,673,000, which were primarily incurred from the purchase of equipment and facilities for Chengwenqiong Expressway. The Group will prioritise internal resources to fund the above capital expenditure commitments.

LIQUIDITY AND CAPITAL RESOURCES

The Group focuses on maintaining a reasonable capital structure and continuously improving its profitability in order to maintain good credit standing and sound financial position.

As at the end of the Reporting Period, total current assets of the Group amounted to RMB2,001,164,000 (as at 31 December 2019: RMB1,828,402,000), of which: (i) cash and cash equivalents were RMB1,838,660,000 (as at 31 December 2019: RMB1,506,513,000), accounting for 91.9% (as at 31 December 2019: 82.4%) of current assets; (ii) trade receivables were RMB144,514,000 (as at 31 December 2019: RMB51,059,000), accounting for 7.2% (as at 31 December 2019: 2.8%) of current assets; (iii) prepayments, deposits and other receivables were RMB17,990,000 (as at 31 December 2019: RMB270,830,000), accounting for 0.9% (as at 31 December 2019: 14.8%) of current assets.

As at the end of the Reporting Period, current ratio (current assets divided by current liabilities) of the Group was 124.1% (as at 31 December 2019: 129.2%). Such slight decrease was attributable to excess of increase in current liabilities as a result of payables of 2019 final cash dividends over limited increase in current assets, primarily consisting of trade receivables and cash and cash equivalents.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets out certain information about the Group's consolidated statement of cash flows for the six months ended 30 June 2020 and 30 June 2019:

	For the six months ended 30 June		2019 (Restated)	
	2020 RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents presented in the consolidated statement of cash flows at the beginning of the period		1,118,956		878,615
Net cash flows from operating activities	426,531		497,550	
Net cash flows from/ (used in) investing activities	247,362		(629,294)	
Net cash flows from/ (used in) financing activities	(144,605)		641,056	
Net increase in cash and cash equivalents		529,288		509,312
Effect of changes in foreign exchange rate		—		(7,399)
Cash and cash equivalents presented in the consolidated statement of cash flows at the end of the period		1,648,244		1,380,528
Analysis of balances of cash and cash equivalents				
Cash and cash equivalents as stated in the consolidated statement of financial position		1,838,660		2,199,958
Time deposits with original maturity of over three months		(190,416)		(819,430)
Cash and cash equivalents as stated in the consolidated statement of cash flows		1,648,244		1,380,528

MANAGEMENT DISCUSSION AND ANALYSIS

Net cash flows from operating activities: During the Reporting Period, net cash flows from the Group's operating activities were approximately RMB426,531,000, while net cash flows from operating activities for the corresponding period of 2019 were approximately RMB497,550,000, representing a year-on-year decrease of RMB71,019,000, which was mainly due to (i) decrease in profit before tax of RMB253,010,000; (ii) increase in change of trade payables, other payables and accruals relating to operating activities of RMB195,854,000; (iii) decrease in change of trade receivables and other receivables relating to operating activities of RMB310,359,000; and (iv) increase in government grants of RMB247,729,000.

Net cash flows from or used in investing activities: During the Reporting Period, net cash flows from investing activities of the Group were approximately RMB247,362,000, while net cash flows used in investing activities for the corresponding period of 2019 were approximately RMB629,294,000, representing a year-on-year increase in net cash flows of RMB876,656,000, which was mainly due to (i) year-on-year decrease in time deposits with original maturity of over three months of RMB936,571,000; and (ii) year-on-year decrease in cash and bank balances acquired from business combination under common control of RMB111,831,000.

Net cash flows from or used in financing activities: During the Reporting Period, net cash flows used in the Group's financing activities were approximately RMB144,605,000, while net cash flows from the Group's financing activities for the corresponding period of 2019 were approximately RMB641,056,000, representing a year-on-year decrease of RMB785,661,000, which was mainly due to (i) proceeds from public offering of Shares of RMB864,403,000 during the corresponding period last year while no such events existed for the Reporting Period; (ii) increase of repayment of bank loans and other borrowings of RMB945,031,000 during the Reporting Period as compared with the corresponding period last year; and (iii) increase in bank loans of RMB1,023,000,000 during the Reporting Period compared to the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS

NET PROCEEDS FROM GLOBAL OFFERING AND UTILISATION

The Company issued 400,000,000 H Shares in Global Offering which were listed on the Main Board of the Stock Exchange on 15 January 2019, and issued 56,102,000 H Shares upon partial exercise of the over-allotment option which were listed on the Main Board of the Stock Exchange on 12 February 2019. The net proceeds from the initial public offering of new Shares and the issue of over-allotment Shares amounted to HK\$931.5 million (equivalent to approximately RMB802.5 million), which have been and will continue to be allocated for gradual utilisation in accordance with the purposes set out in the Prospectus (plans regarding acquiring or investing in one high-quality expressway and establishing new business segments or acquiring other complementary business have been accomplished within two years after listing as scheduled). As at the date of this report, being 27 August 2020, the utilisation of the above net proceeds is set out below:

	Percentage of the net proceeds from the Global Offering	Net proceeds from the Global Offering and utilisation				Expected timetable for utilisation
		Amount available for utilisation RMB'000	Amount utilised during the period from 1 January 2020 to 27 August 2020 RMB'000	Accumulated amount utilised RMB'000	Remaining amount RMB'000	
Acquiring or investing in one high-quality expressway	70%	561,716	76,573	561,716	–	N/A
Establishing new business segments or acquiring other complementary business	10%	80,245	80,245	80,245	–	N/A
Improving the operational efficiency of expressways	10%	80,245	–	14,576	65,669	Before December 2022
General corporate and working capital purposes	10%	80,245	22,884	80,245	–	N/A
Total	100%	802,451	179,702	736,782	65,669	

Note: Net proceeds as set out in the Prospectus are on an expected basis while net proceeds as set out in this interim report represent the sum of the issued capital and share premium finally included in the Group's account upon completion of the over-allotment offering.

MATERIAL ACQUISITION AND DISPOSAL

The Company entered into the Share Transfer Agreement with Chengdu Communications on 25 May 2020, pursuant to which, the Company agreed to acquire and Chengdu Communications agreed to dispose of 360,000,000 shares of Chengdu Energy Development Company held by Chengdu Communications, representing 94.49% of the total shares of Chengdu Energy Development Company, at a cash consideration of RMB727,570,000, of which RMB367,570,000 was financed with self-owned funds and RMB360,000,000 was financed with a bank loan. The acquisition was considered and approved by the Independent Shareholders on 7 August 2020 and was completed on 12 August 2020. Chengdu Energy Development Company became a direct non-wholly-owned subsidiary of the Company. For details of the acquisition, please refer to the announcements of the Company dated 25 May 2020, 7 August 2020 and 12 August 2020 as well as the circular of the Company dated 10 July 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Save as disclosed above, during the Reporting Period, the Group did not make any material acquisitions or disposals of subsidiaries, associates and joint ventures.

PLEDGE OF ASSETS

As at the end of the Reporting Period, the service concession arrangements of Chengwenqiong Expressway with a net carrying amount of RMB1,106,778,000 (as at 31 December 2019: RMB1,140,153,000) were pledged to secure bank and other loans of RMB595,000,000 (as at 31 December 2019: RMB601,000,000); the service concession arrangements of Chengpeng Expressway with a net carrying amount of RMB1,305,759,000 (as at 31 December 2019: RMB1,337,828,000) were pledged to secure bank loans of RMB293,000,000 (as at 31 December 2019: RMB303,000,000) and the service concession arrangements of Qiongming Expressway with a net carrying amount of RMB2,342,776,000 (as at 31 December 2019: RMB2,369,666,000) were pledged to secure bank loans of RMB1,794,000,000 (as at 31 December 2019: RMB1,114,157,000).

EXCHANGE RATE FLUCTUATION RISK

The Group currently does not engage in hedging activities that are designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange movements to maximise the Group's cash value.

CONTINGENT LIABILITIES

As at the end of the Reporting Period, the Group did not have any material contingent liabilities, nor did it provide any guarantees for related parties.

EMPLOYEE AND REMUNERATION POLICIES

As at the end of the Reporting Period, the Group had an aggregate of 1,592 employees (as at 31 December 2019: 1,557 employees), including 1,425 front-line staff, accounting for 89.5% of the total; 125 general management personnel, including staff in finance, human resources and other departments, accounting for 7.9% of the total; and 42 middle-level department managers and above, accounting for 2.6% of the total.

The remuneration and benefit policies of the Group were implemented pursuant to the statutory requirements and the Management Measures for Benefits (《福利管理辦法》) of the Group. Staff remuneration and benefits, comprising wage, performance bonus and statutory and company benefits, are determined in accordance with the comprehensive appraisal results of the staff members based on the principle of "salary is determined based on position, and salary varies with position", which indicates strategies, market and performance orientation and internal and external impartiality.

Pursuant to statutory requirements, the Group has participated in the employee retirement scheme (social pension insurance) organised by the local government authorities and the housing provident fund plan, and has adopted various protection plans such as basic medical insurance, work injury insurance, unemployment insurance and maternity insurance for its employees.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company's executive Directors, senior management and the employee representative Supervisor received remuneration based on their specific management positions in the Company. Remuneration of the senior management includes fixed salary and performance bonuses, of which performance bonuses are calculated based on how the annual performance targets are met by them, and will be reviewed by the Remuneration and Evaluation Committee.

The Board deliberates the Company's annual operating performance targets each year and sets out clear and concrete rating criteria as the basis for year-end appraisals on the overall performance of the senior management of the Company. During the Reporting Period, the Company made allocation and assessment on eight key performance targets, namely operating results, specific tasks, reform and integration, operation and management, negative list, integrity and discipline, party building and work appraisal.

Based on the operating performance targets approved by the Board, the Company will determine the annual tasks and targets for subsidiaries of all ranks, segregate and delegate the Company's objectives to the relevant enterprises and staff. Meanwhile, each subsidiary is required to sign accountability statements on operation results with the general manager of the Company. The Board and the general manager will determine the overall annual performance scores of the Company and individual performance scores of the senior management members at the end of 2020 with reference to the state of completion of the Company's and individual performance targets, and calculate the performance bonuses for the senior management members accordingly. The remuneration of all senior management members is subject to review by the Remuneration and Evaluation Committee which need to be reported to the Board.

The Group values staff education and training. During the Reporting Period, the Group organised various training sessions based on the relevant requirements of the Management Measures on Employee Training, which covered corporate governance, listing compliance management, general management, operating management and professional skills, covering employees of all levels from front-line staff to senior management. The Group will also provide employees with comprehensive benefit plans and career development opportunities, including retirement plans, medical benefits and on-the-job training, IT training, safety training, toll calculation training and service etiquette training based on their needs.

During the Reporting Period, the relevant staff costs amounted to approximately RMB64.0 million (corresponding period of 2019: approximately RMB92.7 million). For details, please refer to note 5 to the interim condensed consolidated financial information of this report.

OTHER INFORMATION

CHANGE IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OF THE COMPANY

On 16 April 2020, Mr. Tang Fawei resigned as an executive Director, member and chairman of the Strategy and Development Committee of the Board and general manager of the Company, with effect from 16 April 2020. On the same date, Mr. Yang Tan was appointed as general manager of the Company with effect from 16 April 2020.

On 29 April 2020, Mr. Yang Tan was elected as the chairman of the Operation Company.

On 29 April 2020, Mr. Zhang Dongmin was elected as a director and deputy general manager of the Operation Company.

On 29 April 2020, Mr. Luo Dan was elected as a director of the Operation Company.

On 29 April 2020, Ms. Xu Jingxian was elected as a supervisor of Operation Company.

On 8 May 2020, Mr. Luo Dan was elected as a director of Chengming Expressway Company.

On 20 May 2020, Mr. Pan Xin resigned as shareholder representative Supervisor of the Company and was appointed as the deputy general manager of the Company on the same date.

On 3 June 2020, Ms. Xu Jingxian and Mr. Zhang Jian were elected as employee representative Supervisors of the second session of the Supervisory Committee, with effect from 11 June 2020.

On 11 June 2020, Mr. Yang Tan, Mr. Zhang Dongmin, Ms. Wang Xiao and Mr. Luo Dan were appointed as executive Directors of the second session of the Board; Mr. Xiao Jun and Mr. Yang Bin were appointed as non-executive Directors of the second session of the Board; Mr. Shu Wa Tung, Laurence, Mr. Ye Yong and Mr. Li Yuanfu were appointed as independent non-executive Directors of the second session of the Board; and Ms. Jiang Yan, Ms. Wu Haiyan and Mr. Zhang Yi were appointed as shareholder representative Supervisors of the second session of the Supervisory Committee. On the same date, Mr. Xiao Jun was elected as the chairman of Board; Mr. Shu Wa Tung, Laurence, Mr. Yang Bin and Mr. Ye Yong were appointed as members of the Audit and Risk Management Committee of the second session of the Board with Mr. Shu Wa Tung, Laurence elected as chairman; Mr. Xiao Jun, Mr. Ye Yong and Mr. Li Yuanfu were appointed as members of the Nomination Committee of the second session of the Board with Mr. Xiao Jun elected as chairman; Mr. Ye Yong, Mr. Luo Dan and Mr. Li Yuanfu were appointed as members of the Remuneration and Evaluation Committee of the second session of the Board with Mr. Ye Yong elected as chairman; and Mr. Yang Tan, Ms. Wang Xiao and Mr. Shu Wa Tung, Laurence were appointed as members of the Strategy and Development Committee of the second session of the Board with Mr. Yang Tan elected as chairman. Ms. Jiang Yan was elected as chairman of the Supervisory Committee.

On 7 August 2020, Mr. Luo Dan was elected as a director of Chengdu Energy Development Company.

On 11 August 2020, Ms. Xu Jingxian was elected as a supervisor of Chengdu Energy Development Company.

Save as disclosed above, there was no other information regarding Directors, Supervisors and chief executive of the Company subject to disclosure pursuant to Rule 13.51B of the Listing Rules during the Reporting Period and up to the date of this report.

OTHER INFORMATION

INTERESTS AND/OR SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at the end of the Reporting Period, based on the information available to the Company and to the best knowledge of the Directors, none of the Directors, Supervisors or chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or were recorded in the register required to be kept by the Company under section 352 of the SFO, or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the end of the Reporting Period, based on the information available to the Company and to the best knowledge of the Directors, the following persons (other than the Company's Directors, Supervisors and chief executive) or corporations had interests or short positions in the Shares or underlying Shares of the Company which had to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register required to be kept by the Company under section 336 of the SFO:

Domestic Shares

Name of Shareholders	Nature of interest and capacity	Class of Shares	Long position/ Short position	Number of Shares interested	Percentage of relevant class of Shares	Percentage of total issued Share capital
Chengdu Communications Investment Group Co., Ltd. (成都交通投資集團有限公司) ¹	Interest in controlled corporation Beneficial owner	Domestic Shares Domestic Shares	Long position Long position	900,000,000 300,000,000	100%	72.46%
Chengdu Expressway Construction and Development Co., Ltd. (成都高速公路建設開發有限公司) ²	Beneficial owner	Domestic Shares	Long position	900,000,000	75%	54.34%

Notes:

- (1) Chengdu Communications Investment Group Co., Ltd. is wholly owned by Chengdu State-owned Assets Supervision and Administration Commission.
- (2) Chengdu Expressway Construction and Development Co., Ltd. is a wholly-owned subsidiary of Chengdu Communications Investment Group Co., Ltd.

OTHER INFORMATION

H Shares

Name of Shareholders	Nature of interest and capacity	Class of Shares	Long position/ Short position	Number of Shares interested	Percentage of relevant class of Shares	Percentage of total issued Share capital
Guangdong Provincial Communication Group Company Limited (廣東省交通集團有限公司) ¹	Interest in controlled corporation	H Shares	Long position	100,000,000	21.92%	6.04%
Xin Yue Company Limited (新粵有限公司) ¹	Beneficial owner	H Shares	Long position	100,000,000	21.92%	6.04%
Chengdu Xiecheng Asset Management Co., Ltd. (成都市協成資產管理有限責任公司) ²	Interest in controlled corporation	H Shares	Long position	50,000,000	10.96%	3.02%
Chengdu Jiaozi Financial Holding Group Co., Ltd. (成都交子金融控股集團有限公司) ²	Beneficial owner	H Shares	Long position	50,000,000	10.96%	3.02%
Chengdu Rail Transit Group Co., Ltd. (成都軌道交通集團有限公司) ³	Interest in controlled corporation	H Shares	Long position	49,950,000	10.95%	3.02%
Chengdu Rail Industrial Investment Co., Ltd. (成都軌道產業投資有限公司) ³	Beneficial owner	H Shares	Long position	49,950,000	10.95%	3.02%
Fullgoal Fund Management Co., Ltd. (富國基金管理有限公司) ⁴	Investment manager	H Shares	Long position	49,900,000	10.94%	3.01%
Chengdu Urban Construction Investment Management Group Co., Ltd. (成都城建投資管理集團有限責任公司)	Beneficial owner	H Shares	Long position	49,900,000	10.94%	3.01%

OTHER INFORMATION

Name of Shareholders	Nature of interest and capacity	Class of Shares	Long position/ Short position	Number of Shares interested	Percentage of relevant class of Shares	Percentage of total issued Share capital
Chengdu Environment Investment Group Company Limited (成都環境投資集團有限公司)	Beneficial owner	H Shares	Long position	45,450,000	9.96%	2.74%
Chengdu Tianfu New Area Investment Group Co., Ltd. (成都天府新區投資集團有限公司) ⁵	Interest in controlled corporation	H Shares	Long position	42,939,000	9.41%	2.59%
Chengdu Tianfu Capital Investment Co., Ltd. (成都天府資本投資有限公司) ⁵	Trust beneficiary	H Shares	Long position	42,939,000	9.41%	2.59%
Chengdu Industry Investment Group Co., Ltd. (成都產業投資集團有限公司) ⁶	Interest in controlled corporation	H Shares	Long position	25,646,000	5.62%	1.55%
Chengdu Advanced Manufacturing Industry Investment Co., Ltd. (成都先進製造產業投資有限公司) ⁶	Beneficial owner	H Shares	Long position	25,646,000	5.62%	1.55%

Notes:

- (1) Guangdong Provincial Communication Group Company Limited holds interests in 100,000,000 H Shares of the Company through its wholly-owned subsidiary, Xin Yue Company Limited.
- (2) Chengdu Jiaozi Financial Holding Group Co., Ltd. is owned as to 40% by Chengdu Xiecheng Asset Management Co., Ltd.. Chengdu Jiaozi Financial Holding Group Co., Ltd. is interested in 50,000,000 H Shares of the Company.
- (3) Chengdu Rail Industrial Investment Co., Ltd. is wholly-owned by Chengdu Rail Transit Group Co., Ltd.. Chengdu Rail Industrial Investment Co., Ltd. holds interests in 49,950,000 H Shares of the Company through investment in the trust scheme of China Credit Trust Co., Ltd (中誠信託有限責任公司).

OTHER INFORMATION

- (4) As an investor manager, Fullgoal Fund Management Co., Ltd. holds interests in 49,900,000 H Shares of the Company. The fund it manages is the Fullgoal Fund Global Allocation No. 6 QDII-Asset Management Plan (富國基金全球配置6號QDII—資產管理計劃).
- (5) Chengdu Tianfu New Area Investment Group Co., Ltd. holds 100% interests in Chengdu Tianfu Capital Investment Co., Ltd. (previously known as Chengdu Tianfu New Area Financial Holdings Co., Ltd. (成都天府新區金融控股有限公司)). Chengdu Tianfu Capital Investment Co., Ltd. holds interests in 42,939,000 H Shares of the Company through investment in the trust scheme of China Credit Trust Co., Ltd.
- (6) Chengdu Advanced Manufacturing Industry Investment Co., Ltd. is wholly owned by Chengdu Industry Investment Group Co., Ltd.. Chengdu Advanced Manufacturing Industry Investment Co., Ltd. is interested in 25,646,000 H Shares of the Company through investment in the Chengxin No. 103 Trusted Overseas Wealth Management Project of China Credit Trust (中誠信託誠信海外配置103號受託境外理財項目).

Save as disclosed above, as at the end of the Reporting Period, the Company had not been notified by any person (other than Directors, Supervisors or chief executive of the Company) or corporation which had an interest or short position in the Shares or underlying Shares of the Company which would be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO.

PROGRESS OF LAND USE RIGHTS

The Group had not obtained the land use right certificates for part of the land with a site area of approximately 166,593 square metres used for the expansion project of our Chengpeng Expressway (the “Land”). The Land accounts for approximately 18.4% of the land used for this expansion project. The Land consists of (i) the one additional lane which was added next to each of the exterior lane of the pre-expansion Chengpeng Expressway for the road section between Chengmian Expressway (Parallel Line) and Chengdu No. 2 Ring Expressway; and (ii) the two additional lanes which were added next to each of the exterior lanes of the pre-expansion Chengpeng Expressway for the road section between Chengdu No. 2 Ring Expressway and the Chengdu Toll Plaza of Chengpeng Expressway.

The Group has applied for the relevant approval and certificate and has obtained confirmation letters from Chengdu Municipal Land and Resources Bureau on 29 May 2018 and 9 October 2018, which confirmed that (i) the intended use of Land is in compliance with the regional planning, (ii) the application has been approved, (iii) there is no substantive impediment for the Company to complete the application, (iv) no administrative penalty had ever been issued against Chengpeng Expressway Company with respect to land use rights, and (v) they will grant the land use rights certificate when the administrative procedures have been completed. The Group has also obtained a confirmation letter from Sichuan Provincial Land and Resources Department on 5 June 2018, which confirmed that (i) the expansion project of Chengpeng Expressway is a key project for both Chengdu and Sichuan Province, critical to the wellbeing of local residents, and is in line with the overall land utilisation plan; and (ii) there is no substantive impediment for the Group to complete the application for land use rights.

OTHER INFORMATION

The Group received the land expropriation approval for construction (Chuanfutu [2019] No. 177) issued by the People's Government of Sichuan Province on 7 May 2019, which confirmed that the Land involved in the project was provided by the local people's government in accordance with laws and relevant regulations and will be used as the construction land for the expansion and renovation project of Chengpeng Expressway. The approval is a major requirement for obtaining project planning permit.

During the Reporting Period, at the request of Chengdu Planning and Natural Resources Bureau (being the government organ reformed and consolidated from, among others, Chengdu Municipal Land and Resources Bureau and Chengdu Municipal Planning Bureau), Chengpeng Expressway Company submitted relevant materials, which are under review for the time being and the planning permit will be obtained upon approval. Before the planning permit is obtained, the project is not qualified for obtaining the real estate certificate, which, however, will not have an adverse impact on the normal operation of Chengpeng Expressway.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

DIVIDENDS

Pursuant to relevant resolutions passed at the 2019 annual general meeting of the Company held on 11 June 2020, the Company distributed final dividends for the year ended 31 December 2019 to the Shareholders on 10 August 2020, totaling approximately RMB198,732,240, being RMB0.12 (tax inclusive) per Share based on the current total number of Shares of 1,656,102,000.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020.

ARTICLES OF ASSOCIATION

The Board resolved to propose to make certain amendments to the Articles of Association on 27 March 2020. Given such proposed amendments to the Articles of Association, the Board also resolved to propose to make certain amendments to the rules of procedure of the general meetings of the Company and the rules of procedure of the board of directors of the Company on the same date to align with the Articles of Association. The proposed amendments have been considered and approved at the annual general meeting of the Company held on 11 June 2020 by way of special resolutions. On 6 July 2020, the Board resolved to propose to change the registered address of the Company, and in this respect, the Board also proposed to make amendments to the Articles of Association to reflect the change in the registered address of the Company. The proposed amendments have been considered and approved at the extraordinary general meeting of the Company held on 7 August 2020 by way of a special resolution. The latest proof of the Articles of Association has been published on the websites of the Company and the Stock Exchange on 7 August 2020. For details of the amendments, please refer to the announcements of the Company dated 27 March 2020, 11 June 2020, 6 July 2020 and 7 August 2020 as well as the circulars of the Company dated 24 April 2020 and 10 July 2020.

OTHER INFORMATION

AUDIT AND RISK MANAGEMENT COMMITTEE

As at the date of this report, the Audit and Risk Management Committee of the Company comprises three Directors, namely Mr. Shu Wa Tung, Laurence, being an independent non-executive Director, Mr. Ye Yong, being an independent non-executive Director and Mr. Yang Bin, being a non-executive Director. Mr. Shu Wa Tung, Laurence currently serves as the chairman of the Audit and Risk Management Committee of the Company with the professional accounting qualification. The Audit and Risk Management Committee of the Company has reviewed the results announcement and the interim report of the Group for the six months ended 30 June 2020 and has not raised any objection to the accounting policies adopted by the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code. The Company has complied with the applicable code provisions as set out in the Corporate Governance Code during the Reporting Period, except the deviation from code provision A.4.2.

As stated in code provision A.4.2, among others, all Directors (including the Director whose tenure is designated) shall retire by turns once every three years at least. As disclosed in the announcement of the Company dated 20 November 2019, the terms of the first session of the Board and the Supervisory Committee of the Company expired on 21 November 2019. As the nomination of candidates for Directors and Supervisors of the Company for the new session was not finished at that time, to ensure the continuity of the Board and the Supervisory Committee, re-election of the members of the Board and the Supervisory Committee was postponed, and the terms of the special committees under the first session of the Board were extended correspondingly. On 20 May 2020, the Board proposed to appoint Directors of the second session of the Board, and on the same date, the Supervisory Committee proposed to appoint shareholder representative Supervisors of the second session of the Supervisory Committee. At the annual general meeting of the Company held on 11 June 2020, proposals regarding candidates of Directors of the second session of the Board and shareholder representative Supervisors of the second session of the Supervisory Committee were approved by the Shareholders and appointments of the employee representative Supervisors of the second session of the Supervisory Committee also took effect from 11 June 2020. On 11 June 2020, the Board also elected chairman of the second session of the Board and elected or appointed chairmans and members of each special committee under the second session of the Board; and the Supervisory Committee elected the chairman of the second session of the Supervisory Committee.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as the code of conduct for all the Directors and Supervisors in conducting securities transactions of the Company. The Company has made specific enquiries to all the Directors and Supervisors, and they confirmed that they have complied with the Model Code throughout the Reporting Period.

OTHER INFORMATION

SUBSEQUENT EVENTS

On 25 May 2020, the Company entered into the Supplemental Agreement to the Non-competition Agreement (the "Supplemental Agreement") with Chengdu Communications to make certain amendments to the non-competition arrangements after acquisition of 94.49% of the total shares of Chengdu Energy Development Company. The Supplemental Agreement has been considered and approved by the Independent Shareholders at the general meeting held on 7 August 2020 and has taken effect on the same date. For details of the Supplemental Agreement, please refer to the announcements of the Company dated 25 May 2020 and 7 August 2020 as well as the circular of the Company dated 10 July 2020.

On 6 July 2020, the Board resolved to propose to change the registered address of the Company. Given the proposed change of registered address, the Board also proposed to amend the Articles of Association to reflect the change of registered address. The proposed amendments to the Articles of Association have been considered and approved by the Shareholders at the general meeting held on 7 August 2020. For details, please refer to the announcements of the Company dated 6 July 2020 and 7 August 2020 as well as the circular of the Company dated 10 July 2020.

On 29 July 2020, Chengdu Energy Development Company completed acquisition of 47.49% of the equity interests of Zhongyou Jieneng and the change of industrial and commercial registration with Administration for Market Regulation of Chenghua District in Chengdu.

On 7 August 2020, the acquisition of 94.49% of the total shares of Chengdu Energy Development Company was considered and approved by the Independent Shareholders at the general meeting. On 12 August 2020, Chengdu Energy Development Company obtained a notice on the completion of filing of its new directors and its new articles of association from Administration for Market Regulation of Chengdu and the acquisition was completed. For details of the acquisition, please refer to the announcements of the Company dated 25 May 2020, 7 August 2020 and 12 August 2020 as well as the circular of the Company dated 10 July 2020.

After the Independent Shareholders approved the acquisition of 94.49% of the total shares of Chengdu Energy Development Company by the Company, Zhongyou Energy, which is held by Chengdu Energy Development Company as to 51%, became a subsidiary of the Company and is also a significant subsidiary of the Company. As the remaining 49% equity interests of Zhongyou Energy is held by PetroChina, PetroChina became a connected person of the Company at the subsidiary level. The Company entered into the Refined Oil Framework Agreement with PetroChina Chengdu Sales Branch (a branch of PetroChina) on 7 August 2020, with a term from fulfillment of the conditions precedent till 31 December 2022. During the validity of the agreement, Zhongyou Energy may purchase specific types of refined oil (including transportation service) from PetroChina Chengdu Sales Branch and PetroChina Chengdu Sales Branch shall supply refined oil to Zhongyou Energy at most favourable selling price which shall not exceed the prevailing transfer price of PetroChina Sichuan Sales Branch. For details, please refer to the announcement of the Company dated 7 August 2020.

OTHER INFORMATION

On 7 August 2020, given that the Company is expected to lease more properties from Chengdu Communications and purchase more comprehensive services from Chengdu Communications following acquisition of 94.49% of the total shares of Chengdu Energy Development Company, the Company revised the annual cap of property rentals payable to Chengdu Communications (the “2020 Annual Cap of Property Leasing”) and the annual cap of general services fees payable to Chengdu Communications (the “2020 Annual Cap of General Services”) for the year ending 31 December 2020 under the Property Leasing Framework Agreement (the “Original Property Leasing Framework Agreement”) and the General Services Framework Agreement (the “Original General Services Framework Agreement”) respectively entered into with Chengdu Communications on 29 June 2017, and renewed the Property Leasing Framework Agreement and General Services Framework Agreement for a term from 2021 to 2023. Based on the above, the Group:

1. changed the 2020 Annual Cap of Property Leasing from RMB2.9 million to RMB3.5 million.
2. entered into the New Property Leasing Framework Agreement with Chengdu Communications for a term commencing from 1 January 2021 to 31 December 2023 and the Original Property Leasing Framework Agreement will be superseded by the New Property Leasing Framework Agreement with effect from 1 January 2021. Rentals shall be determined at arm’s length negotiations between relevant parties and with reference to the prevailing market price of local properties in vicinity with similar size and quality. Pursuant to the agreement, for the three years ending 31 December 2021, 2022 and 2023, the annual caps of total value of right-of-use assets involved in the properties leased by the Group from Chengdu Communications and its associates shall be RMB17 million, RMB17 million and RMB17 million, respectively.
3. changed the 2020 Annual Cap of General Services from HK\$3 million to RMB3.6 million.
4. entered into the New General Services Framework Agreement with Chengdu Communications for a term commencing from 1 January 2021 to 31 December 2023 and the Original General Services Framework Agreement will be superseded by the New General Services Framework Agreement with effect from 1 January 2021. General services shall be determined with reference to the market price of the same or similar services in vicinity. Pursuant to the agreement, for the three years ending 31 December 2021, 2022 and 2023, the annual caps of service fees payable by the Group to Chengdu Communications and its associates shall be RMB7.3 million, RMB7.4 million and RMB7.4 million, respectively.

For details, please refer to the announcement of the Company dated 7 August 2020.

INFORMATION DISCLOSURE

This report will be despatched to the Shareholders and published on the websites of the Company and the Stock Exchange.

27 August 2020

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

For the six months ended 30 June 2020

		For the six months ended 30 June	
	Notes	2020 RMB'000 (Unaudited)	2019 RMB'000 (Restated and unaudited)
REVENUE	3	316,544	562,974
Cost of sales		(230,156)	(219,788)
Gross profit		86,388	343,186
Other income and gains	3	43,561	32,649
Administrative expenses		(20,485)	(28,737)
Other expenses		(905)	(8,453)
Finance costs	4	(67,381)	(54,015)
Share of profits of an associate		4,017	13,575
PROFIT BEFORE TAX	5	45,195	298,205
Income tax credit/(expense)	6	23,228	(52,669)
PROFIT FOR THE PERIOD		68,423	245,536
Other comprehensive income		—	—
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		68,423	245,536
Profit and total comprehensive income attributable to:			
Owners of the Company		64,059	230,529
Non-controlling interests		4,364	15,007
		68,423	245,536
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
– Basic and diluted	8	RMB0.039	RMB0.143

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	Notes	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	286,240	359,967
Right-of-use assets	9	67,757	70,702
Service concession arrangements	9	5,797,064	5,925,770
Goodwill	10	34,026	34,026
Software		407	515
Investment in an associate	11	110,081	106,064
Financial assets at fair value through profit or loss		500	500
Deferred tax assets	6(b)	13,186	9,068
Total non-current assets		6,309,261	6,506,612
CURRENT ASSETS			
Trade receivables	12	144,514	51,059
Prepayments, deposits and other receivables	13	17,990	270,830
Cash and cash equivalents	14	1,838,660	1,506,513
Total current assets		2,001,164	1,828,402
CURRENT LIABILITIES			
Trade payables	15	875,302	952,662
Other payables and accruals	16	344,179	156,503
Dividends payable	7	198,732	–
Interest-bearing bank and other borrowings	17	180,000	257,157
Lease liabilities		2,241	3,039
Tax payable		12,611	45,773
Total current liabilities		1,613,065	1,415,134

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	Notes	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
NET CURRENT ASSETS		388,099	413,268
TOTAL ASSETS LESS CURRENT LIABILITIES		6,697,360	6,919,880
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	17	2,747,186	2,757,560
Deferred income	16	115,880	120,224
Lease liabilities		29,039	32,055
Deferred tax liabilities	6(b)	147,888	194,035
Total non-current liabilities		3,039,993	3,103,874
Net assets		3,657,367	3,816,006
EQUITY			
Equity attributable to owners of the Company			
Issued capital	18	1,656,102	1,656,102
Reserves		1,509,219	1,643,892
		3,165,321	3,299,994
Non-controlling interests		492,046	516,012
Total equity		3,657,367	3,816,006

Xiao Jun
Director

Yang Tan
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the Company								
	Issued capital	Share premium	Merger reserve/(deficit)	Statutory reserve	Difference arising from changes in non-controlling interests	Other reserve	Retained earnings	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 18)								
At 1 January 2019 (audited)	1,200,000	101,047	–	100,704	314,833	121,818	491,009	2,329,411	2,464,378
Total comprehensive income for the period	–	–	–	–	–	–	230,529	230,529	245,536
Issue of new shares for the Initial Public Offering ("IPO")	400,000	357,821	–	–	–	–	–	757,821	757,821
Exercise of the over-allotment option	56,102	50,480	–	–	–	–	–	106,582	106,582
Share issue expenses	–	(61,952)	–	–	–	–	–	(61,952)	(61,952)
Effect of business combination under common control	–	–	429,777	–	–	–	–	429,777	810,009
Final 2018 dividends declared by the Company	–	–	–	–	–	–	(215,293)	(215,293)	(215,293)
At 30 June 2019 (restated and unaudited)	1,656,102	447,396	429,777	100,704	314,833	121,818	506,245	3,576,875	4,107,081
At 1 January 2020 (audited)	1,656,102	447,396*	(55,366)*	136,395*	314,833*	121,818*	678,816*	3,299,994	3,816,006
Total comprehensive income for the period	–	–	–	–	–	–	64,059	64,059	68,423
Capital injection from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	200	200
Dividends payable by the subsidiaries to non-controlling shareholders	–	–	–	–	–	–	–	(28,530)	(28,530)
Final 2019 dividends declared by the Company	–	–	–	–	–	–	(198,732)	(198,732)	(198,732)
At 30 June 2020 (unaudited)	1,656,102	447,396*	(55,366)*	136,395*	314,833*	121,818*	544,143*	3,165,321	3,657,367

* These reserve accounts comprise the consolidated reserves of RMB1,509,219,000 (31 December 2019: RMB1,643,892,000) in the consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

		For the six months ended 30 June	
	Notes	2020 RMB'000 (Unaudited)	2019 RMB'000 (Restated and unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		45,195	298,205
Adjustments for:			
Depreciation of property, plant and equipment	9	25,310	16,185
Depreciation of right-of-use assets	9	2,528	2,943
Amortisation of service concession arrangements	9	130,862	83,941
Amortisation of software	5	108	157
Impairment loss on other receivable	5	209	–
Gain on disposal and write-off of items of property, plant and equipment	5	(1,817)	(304)
Share of profits of an associate		(4,017)	(13,575)
Interest expenses	4	67,381	54,015
Unrealised foreign exchange losses		–	7,399
Interest income from a long-term receivable	3	(6,042)	(5,686)
Bank interest income	3	(9,850)	(16,090)
		249,867	427,190
Addition to service concession arrangements		(2,156)	–
Receipts of government grants		247,729	–
Decrease/(increase) in trade receivables		(93,455)	31,229
Decrease in other receivables		11,340	197,015
Decrease in trade payables		(77,360)	(120,521)
Increase/(decrease) in other payables and accruals		141,311	(11,382)
Cash generated from operations activities		477,276	523,531
Interest received from banks		9,454	7,035
Income tax paid		(60,199)	(33,016)
Net cash flows from operating activities		426,531	497,550
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment and software		(245)	(3,495)
Proceeds from disposal of items of property, plant and equipment		3,327	1,800
Cash and bank balances acquired from a business combination under common control		–	111,831
Receipts of a government grant for property, plant and equipment		47,139	–
Decrease/(increase) in time deposits with original maturity of over three months		197,141	(739,430)
Net cash flows from/(used in) investing activities		247,362	(629,294)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

		For the six months ended 30 June	
	Note	2020 RMB'000 (Unaudited)	2019 RMB'000 (Restated and unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank loans		1,078,000	55,000
Repayment of bank loans		(378,657)	(165,500)
Repayment of other borrowings		(786,874)	(55,000)
Proceeds from issue of shares for the IPO		–	757,821
Proceeds from exercise of the over-allotment option		–	106,582
Capital injection from a non-controlling shareholder of a subsidiary		200	–
Principal portion of lease payment		(3,384)	(3,429)
Interest portion of lease liabilities		(860)	(949)
Interest paid		(53,030)	(53,469)
Net cash flows from/(used in) financing activities		(144,605)	641,056
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		1,118,956	878,615
Effect of foreign exchange rate changes		–	(7,399)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		1,648,244	1,380,528
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position	14	1,838,660	2,199,958
Time deposits with original maturity of over three months		(190,416)	(819,430)
Cash and cash equivalents as stated in the consolidated statement of cash flows		1,648,244	1,380,528

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

1. CORPORATE INFORMATION

Chengdu Expressway Co., Ltd. (the “Company”) is a joint stock company with limited liability established in the People’s Republic of China (the “PRC”). The Company’s H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) on 15 January 2019. The registered office of the Company is located at No. 1 Kexin Road, High-Tech Zone, Chengdu, Sichuan, the PRC. The principal place of business of the Company in Hong Kong is located at 40th Floor, Sunlight Tower, No. 248 Queen’s Road East, Wanchai, Hong Kong.

During the six months ended 30 June 2020 (the “Period”), the Company and its subsidiaries (the “Group”) was involved in the management and operation of expressways in Mainland China.

In the opinion of the directors of the Company (“Directors”), the parent company of the Company is Chengdu Expressway Construction and Development Co., Ltd. (“Chengdu Expressway Construction”), a company established in Chengdu, Sichuan Province, the PRC. The ultimate controlling shareholder of the Company is Chengdu Communications Investment Group Co., Ltd. (“Chengdu Communications”), which is wholly owned by the State-owned Assets Supervision and Administration Commission of Chengdu Municipal Government.

2.1 BASIS OF PREPARATION AND PRESENTATION

The unaudited interim condensed consolidated financial information for the Period has been prepared in accordance with International Accounting Standard 34 *“Interim Financial Reporting”*.

The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2019.

Business combination under common control

The accounting policies for business combination under common control of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019.

On 16 December 2019, the Group acquired 51% equity interests in Sichuan Chengming Expressway Co., Ltd. (“Chengming Expressway Company”) from Chengdu Expressway Construction. As the Group and Chengming Expressway Company are under the common control of Chengdu Expressway Construction before and after the acquisition, the business combination has been accounted for in the consolidated financial statements of the Group as a business combination under common control based on the principles of merger accounting as if the acquisition had occurred when Chengming Expressway Company first came under the control of Chengdu Expressway Construction on 7 May 2019.

The comparative financial information for the six months ended 30 June 2019 has been restated to reflect the business combination under common control as if the acquisition had occurred when Chengming Expressway Company first came under the control of Chengdu Expressway Construction on 7 May 2019.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

The adoption of the above revised standards has had no significant financial effect on the preparation of the Group's interim condensed consolidated financial information.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Restated and unaudited)
Revenue from contracts with customers		
Toll income		
– Chengguan Expressway	74,431	145,159
– Chengpeng Expressway	62,049	112,851
– Chenwenqiong Expressway	100,972	203,381
– Chengdu Airport Expressway	35,880	70,912
– Qiongming Expressway	41,056	30,671
Sub-total	314,388	562,974
Construction revenue in respect of service concession arrangements	2,156	–
Total revenue	316,544	562,974

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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3. REVENUE, OTHER INCOME AND GAINS *(continued)*

Revenue from contracts with customers

Disaggregated revenue information

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Restated and unaudited)
Type of revenue		
Toll income	314,388	562,974
Construction revenue in respect of service concession arrangements	2,156	–
Total revenue from contracts with customers	316,544	562,974

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Restated and unaudited)
Timing of revenue recognition		
At a point in time	314,388	562,974
Over time	2,156	–
Total revenue from contracts with customers	316,544	562,974

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

3. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

Disaggregated revenue information (continued)

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Restated and unaudited)
Other income and gains		
Interest income from a long-term receivable	6,042	5,686
Bank interest income	9,850	16,090
Compensation income for road damage	5,605	2,015
Rental income	4,550	4,685
Deferred income released to profit or loss	2,643	2,576
Gain on disposal of property, plant and equipment	1,817	304
Over provision of taxes and surcharge payables in prior years	12,326	–
Miscellaneous	728	1,293
Other income and gains	43,561	32,649
Total revenue, other income and gains	360,105	595,623

4. FINANCE COSTS

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Restated and unaudited)
Interest on bank loans and other borrowings	66,521	53,066
Interest on lease liabilities	860	949
	67,381	54,015

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Restated and unaudited)
Cost of operating service	230,050	219,788
Less: Government grants received*	(2,050)	–
Construction costs in respect of service concession arrangements	2,156	–
Cost of sales	230,156	219,788
Employee benefit expense (including Directors' and supervisors' remuneration):		
Wages, salaries and allowances, social security and benefits	45,897	66,013
Pension scheme contributions (Defined contribution fund)	3,567	13,439
Other staff benefits	14,540	13,215
	64,004	92,667
Depreciation in respect of:		
– property, plant and equipment (note 9)	25,310	16,185
– right-of-use assets (note 9)	2,528	2,943
Amortisation in respect of:		
– service concession arrangements (note 9)	130,862	83,941
– software	108	157
IPO fees expensed off	–	1,541
Impairment loss on other receivable	209	–
Gain on disposal and write-off of items of property, plant and equipment	(1,817)	(304)
Foreign exchange (gains)/losses	(312)	7,399
Bank interest income	(9,850)	(16,090)

- * The Group received government grants to compensate the loss arising from the replacement of Compound Pass Card that used in the expressway route identification management system. The government grants received have been deducted from the direct cost or loss incurred from the replacement of Compound Pass Card to which they relate. There are no unfulfilled conditions or contingencies relating to these grants.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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6. INCOME TAX CREDIT/(EXPENSE)

The major components of income tax expense are as follows:

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Restated and unaudited)
Current – Mainland China		
Charged for the period	24,038	45,717
Under provision income tax in prior periods	2,999	3,752
Deferred (note (b))	(50,265)	3,200
Total tax charge/(credit) for the period	(23,228)	52,669

Notes:

- (a) Except for the companies discussed below that are entitled to a preferential tax rate, the subsidiaries and an associate of the Company are required to pay CIT at the standard rate of 25%.

Pursuant to the Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies of the State Administration of Taxation, the Ministry of Finance and General Administration of Customs (Cai Shui [2011] No. 58), enterprises established in the western region and engaged in activities encouraged by the state are applicable to a preferential corporate income tax rate of 15% from 2011 to 2020. Pursuant to Announcement No. 23 (2020) of the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission, the preferential corporate income tax policy for Great Western Development will be extended to 31 December 2030.

For entities within the scope of the transportation industry, i.e., the Company, Chengdu Chengwenqiong Expressway Co., Ltd. ("Chengwenqiong Expressway Company"), Chengdu Airport Expressway Co., Ltd. ("Airport Expressway Company"), Sichuan Chengming Expressway Company Co., Ltd. ("Chengming Expressway Company") and Chengdu Chengbei Exit Expressway Co., Ltd. ("Chengbei Exit Expressway Company"), an associate of the Company, where they have enjoyed the preferential tax rate of 15% in prior years, as they have not changed their business operations and eligible revenue fell within the scope accounting for more than 70% of their respective total revenue, income tax of these entities for the Period continued to be calculated at a tax rate of 15%.

The share of tax attributable to associates amounting to RMB603,000 (six months ended 30 June 2019: RMB2,036,000) is included in "Share of profits and losses of an associate" in profit or loss.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

6. INCOME TAX CREDIT/(EXPENSE) (continued)

Notes: (continued)

(b) The movements in deferred tax assets and liabilities during the Period are as follows:

DEFERRED TAX ASSETS

	Accounting amortisation in excess of tax amortisation RMB'000	Deferred income RMB'000	Loss available for offsetting against future taxable profits RMB'000	Lease liabilities RMB'000	Accrued interest RMB'000	Total RMB'000
For the six months ended 30 June 2020						
At 31 December 2019 (audited)	–	31,866	31,671	5,991	6,437	75,965
Deferred tax charged to profit or loss during the Period	5,555	(9,347)	(22,013)	(473)	6	(26,272)
Gross deferred tax assets at 30 June 2020 (unaudited)	5,555	22,519	9,658	5,518	6,443	49,693

DEFERRED TAX LIABILITIES

	Allowance in excess of related accounting amortisation RMB'000	Fair value adjustment arising from acquisition of a subsidiary RMB'000	Right of use assets RMB'000	Total RMB'000
For the six months ended 30 June 2020				
At 31 December 2019 (audited)	143,901	111,040	5,991	260,932
Deferred tax charged to profit or loss during the Period	(55,304)	(20,760)	(473)	(76,537)
Gross deferred tax liabilities at 30 June 2020 (unaudited)	88,597	90,280	5,518	184,395

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

6. INCOME TAX CREDIT/(EXPENSE) (continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for reporting purposes:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Gross deferred tax assets	18,704	21,533
Gross deferred tax liabilities	(5,518)	(12,465)
Net deferred tax assets	13,186	9,068
Gross deferred tax liabilities	178,877	248,467
Gross deferred tax assets	(30,989)	(54,432)
Net deferred tax liabilities	147,888	194,035

7. DIVIDENDS

	For the six months ended 30 June 2020 RMB'000 (Unaudited)	2019 RMB'000 (Restated and unaudited)
Final 2019 dividend declared – RMB0.12 (Final 2018 dividend declared: RMB0.13) per ordinary share	198,732	215,293

At the meeting of the Directors held on 27 August 2020, the Directors resolved not to pay an interim dividend for the Period (six months ended 30 June 2019: nil).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

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 Period attributable to ordinary equity holders of the Company of RMB64,059,000 (six months ended 30 June 2019: restated RMB230,529,000), and the number of ordinary shares of 1,656,102,000 (the weighted average number of ordinary shares for the six months ended 30 June 2019: 1,611,900,422) in issue during the Period.

No adjustment has been made to the basic earnings per share amount presented for each of the six months ended 30 June 2020 and 2019 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during these periods.

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

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

	Property, plant and equipment <i>RMB'000</i> (Unaudited)	Right-of-use assets <i>RMB'000</i> (Unaudited)	Service concession arrangements <i>RMB'000</i> (Unaudited) (note(a))
Carrying amounts at 31 December 2019 and 1 January 2020	359,967	70,702	5,925,770
Additions	245	–	2,156
Disposals	(1,523)	–	–
Depreciation/amortisation charged for the period (note 5)	(25,310)	(2,528)	(130,862)
Government grant related to assets (note (b))	(47,139)	–	–
Lease modification	–	(417)	–
Carrying amounts at 30 June 2020	286,240	67,757	5,797,064

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

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

Notes:

- (a) At 30 June 2020, the concession rights pertaining to certain expressways with net carrying amounts listed below were pledged to secure bank loans granted to the Group (note 17(a)):

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Chengpeng Expressway	1,305,759	1,337,828
Chengwenqiong Expressway	1,106,778	1,140,153
Qiongming Expressway	2,342,776	2,369,666
	4,755,313	4,847,647

- (b) During the Period, the Company, Chengpeng Expressway Company, Chengwenqiong Expressway Company and Chengming Expressway Company received a government grant for the construction project of electronic toll collection portal frame which completed in 2019. The government grant received amounting to RMB47,139,000 was deducted from the carrying amount of the property, plant and equipment and released the profit or loss by the way of a reduced depreciation charged.

10. GOODWILL

IAS 36 requires an entity to perform impairment testing on goodwill on an annual basis. Pursuant to the Notice on Waiver of Tolls on Toll Roads During the Containment of COVID-19 Pneumonia from the Ministry of Transport the People's Republic of China on 15 February 2020, tolls of toll expressways nationwide were waived from 17 February 2020 to 6 May 2020 during the containment of the COVID-19 pneumonia epidemic. As a result, the toll income of Qiongming Expressway operating by Chengming Expressway Company has decreased dramatically during the six months ended 30 June 2020. Management believes that the influence of COVID-19 was temporary and will not impact the operation of Chengming Expressway Company in a long term. Therefore, the Company's management has concluded there was no impairment indicator of goodwill at 30 June 2020. Accordingly, management did not perform impairment testing on goodwill as at 30 June 2020.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

11. INVESTMENT IN AN ASSOCIATE

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Share of net assets	110,081	106,064

Particulars of the associate of the Group, which was established and operates in Mainland China, are as follows:

Name	Percentage of ownership interest attributable to the Group	Principal activities
Chengbei Exit Expressway Company	40%	Construction and operation of Chengbei Exit Expressway and Qinglongchang Bridge

12. TRADE RECEIVABLES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Batch payment arrangements	59,426	44,130
Inter-network toll collection and electronic toll collection receivables	85,088	6,929
Impairment allowance	144,514 —	51,059 —
	144,514	51,059

The Group seeks to maintain strict control over the outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

12. TRADE RECEIVABLES (continued)

An ageing analysis of the Group's trade receivables as at the end of the reporting period, based on the transaction date and net of loss allowance for impairment of trade receivables, is as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Within 3 months	144,514	51,059

The ageing analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Neither past due nor impaired	144,514	51,059

The Group does not hold any collateral or other credit enhancements over these balances.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Prepayment to suppliers	3,214	2,541
Due from related parties	257	4,804
Government grant receivable*	—	241,687
Rental income receivable	436	8,077
Interest receivable	9,614	9,218
Others	6,213	7,624
	19,734	273,951
Impairment allowance	(1,744)	(3,121)
	17,990	270,830

* The balance represented the government grant receivable related to the expansion project of Chengpeng Expressway Company, which has been fully collected during the Period.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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14. CASH AND CASH EQUIVALENTS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Cash and bank balances	1,568,244	1,067,966
Time deposits with original maturity of:		
– Less than three months	80,000	50,990
– Over three months	190,416	387,557
Cash and cash equivalents	1,838,660	1,506,513

15. TRADE PAYABLES

An ageing analysis of trade payables as of the end of the reporting period based on the invoice date is as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Within 3 months	142,023	128,878
3 to 6 months	44,331	1,439
6 to 12 months	15,000	22,708
Over 1 year	673,948	799,637
	875,302	952,662
Retention money, included in trade payables	16,988	25,590

Trade payables are non-interest-bearing. Except for the retention money payables arising from construction and upgrade services which are normally settled between six months and one year, credit periods granted by each individual supplier or contractor are on a case-by-case basis and set out in the respective contracts.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

16. OTHER PAYABLES AND ACCRUALS

Other payables and accruals at the end of the reporting period mainly included the following balances:

	Notes	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
<i>Current portion:</i>			
Payroll and welfare payables		913	40,816
Taxes and surcharge payables		9,988	24,468
Due to a related party	20(c)	35,450	25,746
Inter-network toll collection payable	(a)	104,447	3,974
Deposits		28,064	25,736
Interest payable		7,058	3,271
Deferred income	(b)	8,700	8,700
Consultancy and professional fees		2,072	2,792
Dividend payables to the non-controlling shareholders	(c)	28,530	–
Construction payables related to a project where the Group acts as an agent	(d)	99,082	–
Others		19,875	21,000
		344,179	156,503
<i>Non-current portion:</i>			
Deferred income	(b)	115,880	120,224
		460,059	276,727

Notes:

- (a) The balance represented the expressway tolls pending for allocation to other expressway operators.
- (b) The balance represented leasing income received in advance for occupying the Group's land along the expressways. Deferred income of the Group to be released to profit or loss after twelve months from the end of the year has been recorded as a non-current liability.
- (c) The balance represented dividend payables to the non-controlling shareholders of Chengpeng Expressway Company and Airport Expressway Company amounting to RMB186,000 and RMB28,344,000, respectively.
- (d) The balance represented unused project funds related to the "expressway to expressway" inter-network construction project between Chengguan Expressway and Chengdu Ring Expressway, which is funded by the Chengdu Municipal Government and unpaid to the construction companies. The Group merely acts as an intermediary agency for the management of funds from the Chengdu Municipal Government and settlement of construction costs to the related contractors. The Group did not charge any agency or management fee from the management of funds arising from this project.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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17. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Bank loans:			
Secured	(a)	2,622,000	1,898,157
Unsecured	(b)	200,000	224,500
Other loans:			
Secured	(c)	60,000	120,000
Unsecured	(d)	45,186	772,060
Portion classified as current liabilities		2,927,186 (180,000)	3,014,717 (257,157)
Non-current portion		2,747,186	2,757,560
Effective interest rate		4.31%-4.90%	4.41%-4.90%

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

Notes:

- (a) The bank loans were secured by the service concession rights as detailed in note 9(a). At 31 December 2019, bank loan of RMB1,114,157,000 was guaranteed by Chengdu Communications.
- (b) The bank loans of approximately RMB200,000,000 as at 30 June 2020 (31 December 2019: RMB224,500,000) were guaranteed by the Company and Chengwenqiong Expressway Company at nil consideration.
- (c) The other borrowings of approximately RMB60,000,000 as at 30 June 2020 (31 December 2019: RMB120,000,000) were secured by Chengwenqiong Expressway (note 9(a)) with a net carrying amount of RMB1,106,778,000 as at 30 June 2020 (31 December 2019: RMB1,140,153,000).
- (d) The unsecured other loan represented interest-bearing loans received from Chengdu Expressway Construction (note 20(c)).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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18. ISSUED CAPITAL

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Issued and fully paid:		
Domestic shares of 1,200,000,000 of RMB1.00 each	1,200,000	1,200,000
H shares of 456,102,000 of RMB1.00 each	456,102	456,102
	1,656,102	1,656,102

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

19. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Contracted, but not provided for:	8,673	7,025

20. RELATED PARTY TRANSACTIONS AND BALANCES

The Directors are of the view that the following companies are related parties that had material transactions or balances with the Group during the Period.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

20. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(a) Name of related parties and their relationships with the Group

Related parties	Relationships
Chengdu Communications	Ultimate holding company
Chengdu Expressway Construction	Parent company
Chengdu Transportation Junction Construction Management Co., Ltd. ("Chengdu Junction")	A company controlled by Chengdu Communications
Chengdu Communications Assets Management Co., Ltd. ("Assets Management")	A company controlled by Chengdu Communications
Chengdu Zhongyou Energy Co., Ltd. ("Zhongyou Energy")	An indirect associate of Chengdu Communications
Chengdu Road and Bridge Management Co., Ltd. ("Chengdu Road & Bridge")	A company controlled by Chengdu Expressway Construction

In addition to the transactions detailed elsewhere in this report, the Group had the following transactions with related parties:

(b) Transactions with related parties

(1) Land leasing income received

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Restated and unaudited)
Zhongyou Energy	223	264

The Directors consider that the rental expenses charged to Zhongyou Energy as determined under the tenancy agreement are based on market rates for similar premises at similar locations.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

20. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(b) Transactions with related parties *(continued)*

(2) Properties leased from a related party

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Restated and unaudited)
Chengdu Junction	—	—

The Directors consider that the office rental expenses paid by the Group to Chengdu Junction as determined under the tenancy agreement were based on market rates for similar locations.

Upon the adoption of IFRS 16, the above lease was recognised and measured as a right-of-use asset. During the Period, rental fees paid by the Group to Chengdu Junction amounted to RMB1,162,000 (six months ended 30 June 2019: RMB974,000).

(3) Property management and other general services from related parties

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Restated and unaudited)
Assets Management	695	583
Chengdu Junction	94	43

The Directors consider that property management and other general services expenses paid by the Group to Assets Management and Chengdu Junction as determined under the property management and other general service agreements were based on market rates for similar locations/services.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

20. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(b) Transactions with related parties *(continued)*

(4) Interest charged for unsecured loans from a related party

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Restated and unaudited)
Chengdu Expressway Construction	9,704	6,410

The interest rate charged by Chengdu Expressway Construction is 4.9% per annum as determined under the loan agreement.

(5) Bank loans guarantees provided by related parties

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Restated and unaudited)
Chengdu Communications	—	1,114,157

The bank loans were guaranteed by related parties for nil consideration.

(6) Construction compensation from a related party

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Restated and unaudited)
Chengdu Road & Bridge	1,903	—

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

20. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(b) Transactions with related parties *(continued)*

(6) Construction compensation from a related party *(continued)*

On 14 October 2019, Chengdu Airport Expressway Company and Chengdu Road & Bridge entered into the construction compensation agreement (the "Agreement") of the 3rd Ring Road Expansion and Upgrading Project (Renovation Project of the Blue Sky Interchange Node) on Chengdu Airport Expressway (the "Project"). Under the Agreement, during the Period, Chengdu Road & Bridge shall pay an aggregate compensation of RMB1,903,000 for temporary occupation of the relevant main sections, side ditches and green belts of Chengdu Airport Expressway as well as to compensate the impact on toll income and other losses suffered by Chengdu Airport Expressway during the construction period.

(c) Balances with related parties

	Notes	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Due from related parties:			
Non-trade in nature			
Zhongyou Energy	(i)	223	355
Assets Management	(ii)	34	134
Chengdu Road & Bridge	(iii)	—	4,315
		257	4,804
Due to a related party:			
Non-trade in nature			
Chengdu Expressway Construction	(iv)	35,450	25,746
Unsecured other loan, included in interest-bearing bank and other borrowings:			
Chengdu Expressway Construction	(v)	45,186	772,060

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

20. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(c) Balances with related parties *(continued)*

Notes:

- (i) The balance due from Zhongyou Energy represented a leasing rental receivable from Zhongyou Energy.
- (ii) The balance due from Assets Management represented management and other general service fees prepaid to Assets Management.
- (iii) The balance due from Chengdu Road & Bridge represented the compensation receivable from Chengdu Road & Bridge as described above.
- (iv) The balance due to Chengdu Expressway Construction represented interest payable to Chengdu Expressway Construction. The interest rate charged by Chengdu Expressway Construction is 4.9% per annum as determined under the loan agreement.
- (v) The unsecured other borrowings represented interest-bearing loan received from Chengdu Expressway Construction in 2019. During the Period, Chengming Expressway Company repaid the principal portion of interest-bearing loans of RMB393,751,000 and RMB333,123,000 from Chengdu Expressway Construction in January 2020 and June 2020, respectively.

(d) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Restated and unaudited)
Fee	135	135
Salaries, allowances and benefits in kind	3,192	3,379
Pension scheme contributions	31	238
	3,358	3,752

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values due to their short terms to maturity, are as follows:

	Carrying amounts		Fair value	
	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Carrying amounts				
Financial assets				
Financial assets at fair value through profit or loss	500	500	500	500
Financial liabilities				
Interest-bearing bank and other borrowings, non-current portion:				
– Bank loans	2,702,000	1,985,500	2,608,592	1,900,507
– Other borrowings	45,186	772,060	43,101	736,592

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, the current portion of financial assets included in prepayments, deposits and other receivables and financial liabilities included in other payables and accruals, the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Management has assessed that the fair value of financial assets at fair value through profit and loss approximates to its carrying amount based on valuation techniques which requires significant unobservable inputs.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The fair values of the non-current portion of the interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, adjusted by the Group's or the subsidiaries' own non-performance risk where appropriate.

Fair value hierarchy

The fair value measurement hierarchy of the Group's non-current portion of financial assets and financial liabilities for which fair values are disclosed is considered to be Level 3, which required significant unobservable inputs as at the end of reporting period.

The fair value measurement hierarchy of the financial assets at fair value through profit or loss requires significant unobservable inputs (Level 3). The significant unobservable inputs used in the fair value measurement are the price to book ("P/B") ratio of comparable listed companies and discount for lack of marketability. It is estimated that with all other variables held constant, an increase/(a decrease) in the estimated P/B ratio and a decrease/(an increase) in the estimated discount for lack of marketability would result in an increase/(a decrease) in the fair value of the financial assets at fair value through profit or loss.

22. EVENT AFTER THE REPORTING PERIOD

The Company entered into a share transfer agreement with Chengdu Communications ("Share Transfer Agreement") on 25 May 2020. Pursuant to the Share Transfer Agreement, the Company agreed to acquire 94.49% of the total shares of Chengdu Energy Development Co., Ltd. ("Chengdu Energy Development Company") at the consideration of RMB727,570,000. The Share Transfer Agreement took effect from approval by the board of directors of Chengdu Communications and approval by independent shareholders at the Company's extraordinary general meeting on 7 August 2020. On 12 August 2020, Chengdu Energy Development Company obtained a notice on the completion of filing of its new directors and its new articles of association from Administration for Market Regulation of Chengdu, the acquisition has completed. Upon completion of the acquisition, Chengdu Energy Development Company became a direct non-wholly-owned subsidiary of the Company.

Except for the event mentioned above, no significant events that require additional disclosure or adjustments occurred after the reporting period.

23. COMPARATIVE AMOUNTS

As further explained in note 2.1 to the interim condensed consolidated financial information, certain comparative amounts have been restated as a result of a business combination under common control.

24. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board on 27 August 2020.

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Yang Tan (*General Manager*)
Mr. Zhang Dongmin
Ms. Wang Xiao
Mr. Luo Dan

Non-executive Directors

Mr. Xiao Jun (*Chairman of the Board*)
Mr. Yang Bin

Independent Non-executive Directors

Mr. Shu Wa Tung, Laurence
Mr. Ye Yong
Mr. Li Yuanfu

JOINT COMPANY SECRETARIES

Mr. Zhang Guangwen
Ms. Kwong Yin Ping, Yvonne

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Shu Wa Tung, Laurence (*Chairman*)
Mr. Ye Yong
Mr. Yang Bin

NOMINATION COMMITTEE

Mr. Xiao Jun (*Chairman*)
Mr. Li Yuanfu
Mr. Ye Yong

REMUNERATION AND EVALUATION COMMITTEE

Mr. Ye Yong (*Chairman*)
Mr. Luo Dan
Mr. Li Yuanfu

STRATEGY AND DEVELOPMENT COMMITTEE

Mr. Yang Tan (*Chairman*)
Ms. Wang Xiao
Mr. Shu Wa Tung, Laurence

SUPERVISORY COMMITTEE

Ms. Jiang Yan (*Chairman of the Supervisory Committee*)
Ms. Wu Haiyan
Mr. Zhang Yi
Ms. Xu Jingxian (*employee representative Supervisor*)
Mr. Zhang Jian (*employee representative Supervisor*)

AUTHORISED REPRESENTATIVES

Mr. Luo Dan
Mr. Zhang Guangwen

AUDITOR

Ernst & Young

LEGAL ADVISERS

As to Hong Kong Law:

DLA Piper Hong Kong

As to PRC Law:

Tahota Law Firm (泰和泰律師事務所)

COMPLIANCE ADVISER

Alliance Capital Partners Limited

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CORPORATE INFORMATION

PRINCIPAL BANKS

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Industrial and Commercial Bank Sichuan Chengdu
Jinniu Branch

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LISTING PLACE

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Stock Code: 1785

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