



CHENGDU EXPRESSWAY
成都高速

成都高速公路股份有限公司
CHENGDU EXPRESSWAY CO., LTD.

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

Stock Code: 1785



成都高速



2023
INTERIM REPORT



CONTENTS

Page

2	Definitions
7	Group Profile
9	Group Structure
12	Major Events During the Reporting Period
13	Review and Outlook
14	Management Discussion and Analysis
26	Other Information
34	Consolidated Balance Sheet
37	Consolidated Income Statement
38	Consolidated Statement of Changes in Equity
40	Consolidated Statement of Cash Flows
42	Balance Sheet of the Company
44	Income Statement of the Company
45	Statement of Changes in Equity of the Company
47	Statement of Cash Flows of the Company
49	Notes to Financial Statements
93	Corporate Information

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
"Battery Services-Communications Investment"	Chengdu Battery Services-Communications Investment Energy Technology Co., Ltd. (成都電服交投能源科技有限公司), a company incorporated in the PRC with limited liability and a 48%-owned joint venture of Energy Development Company
"Board"	the board of Directors of the Company
"charging pile(s)"	charging equipment that provides charging service for electric vehicles, primarily including floor-mounted charging piles and wall-mounted charging piles with fees to be charged based on the time, power consumption or pre-determined price for charging
"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 Investment"	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 on 16 March 2007, which is one of the controlling shareholders of the Company
"Chengdu Communications Investment Group"	Chengdu Communications Investment and its subsidiaries, excluding the Group
"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 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 Energy Development Company

DEFINITIONS

"Chengdu Teld"	Chengdu Teld New Energy Co., Ltd. (成都特來電新能源有限公司), a company incorporated in the PRC with limited liability and a 16%-owned associate of 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 a 30%-owned associate of Energy Development Company
"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責任公司), a company incorporated in the PRC with limited liability, which is a wholly-owned subsidiary of 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
"Chengwenqiong Expressway Expansion Project"	the expansion and renovation project on Chengdu-Wenjiang-Qionglai expressway
"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
"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 Energy Development Company with 55% of its equity interests held by 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
"controlling shareholder(s)"	has the meaning ascribed thereto under the Listing Rules, in this report refers to Chengdu Communications Investment 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 RMB

DEFINITIONS

“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, which is held by the Company as to 94.49% (its remaining 5.51% equity interests are held by Chengdu Communications Investment Property Company Limited, an indirect wholly-owned subsidiary of Chengdu Communications Investment) and became a non-wholly-owned subsidiary of the Company on 12 August 2020

“Energy Operation”

Chengdu Communications Investment Energy Operation and Management Co., Ltd. (成都交投能源經營管理有限公司), a company incorporated in the PRC with limited liability and a 100%-owned subsidiary of Energy Development Company

“GDP”

gross domestic product

“Group”

the Company and its subsidiaries from time to time

“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”

Hong Kong dollars, the lawful currency of Hong Kong

“Huamin Petrol Station”

Chengdu Huamin Municipal Petrol Station (成都市華民市政加油站), a collectively-owned enterprise incorporated in the PRC, which is wholly-owned by Chengdu Communications Investment and currently under entrusted management by Energy Operation

“Listing Rules”

the Rules Governing the Listing of Securities on the Stock Exchange

“Model Code”

the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules

“natural gas”

compressed natural gas and liquefied natural gas

“New Energy Company”

Chengdu Communications Investment New Energy Industrial Development Co., Ltd. (成都交投新能源產業發展有限公司), a company incorporated in the PRC with limited liability, which is an associate of Energy Development Company with 51% of its equity interests held by Energy Development Company

DEFINITIONS

“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
“refined oil”	petrol and diesel oil
“Reporting Date”	the date on which the 2023 interim report of the Company was approved by the Board, being 29 August 2023
“Reporting Period”	six-month period ended 30 June 2023
“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
“Shiling Petrol Station”	Chengdu Municipal Shiling Petrol Station (成都市市政十陵加油站), a collectively-owned enterprise incorporated in the PRC, which is wholly-owned by Huamin Petrol Station and currently under entrusted management by Energy Operation
“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 interests held by 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

DEFINITIONS

“Xinhua Petrol Station”

Chengdu Xinhua Petrol Station (成都市新華加油站), a wholly people-owned enterprise incorporated in the PRC, which is wholly-owned by Chengdu Communications Investment and currently under entrusted management by Energy Operation

“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 Energy Development Company with 51% of its equity interests held by 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 interests held by Chengdu Tongneng

GLOSSARY OF TECHNICAL TERMS

“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

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 operation of refined oil and natural gas. Business operations of the Group are therefore categorised into “expressway” and “energy” two segments.

The “expressway” segment constitutes the traditional principal business of the Group. As at the Reporting Date, the Group owned 5 expressways, i.e., Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Qiongmeng Expressway and Chengdu Airport Expressway, covering a total network mileage of 192.02 kilometres. In addition, the Company undertook the operation and management business of Chengdu Tianfu International Airport Expressway (“Tianfu Airport Expressway”) and Pujiang-Dujiangyan Section of Chengdu Economic Zone Ring Expressway (“Pudu Expressway”), upon which, the total mileage (inclusive of the sections under entrusted management) of expressways operated by the Group reached 381.69 kilometres. 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 and its service teams have secured remarkable performance in security and quality service.

The “energy” segment was consolidated into the Group on 12 August 2020, where Energy Development Company acts as the investor to conduct operation of refined oil and natural gas through its subsidiaries, joint ventures and associates. As of the Reporting Date, 23 petrol stations of the Group were in operation, 3 petrol stations and 4 gas stations of the Group were in construction (including those completed but yet to commence operation), and 3 petrol stations, i.e. Xinhua Petrol Station, Huamin Petrol Station and Shiling Petrol Station were under entrusted operation and management by Energy Operation. All of such petrol stations and gas stations are located within the scope of Chengdu, Sichuan Province.

As at the end of the Reporting Period, total assets of the Group reached RMB9.38 billion.

GROUP PROFILE

OVERVIEW OF THE “EXPRESSWAY” SEGMENT

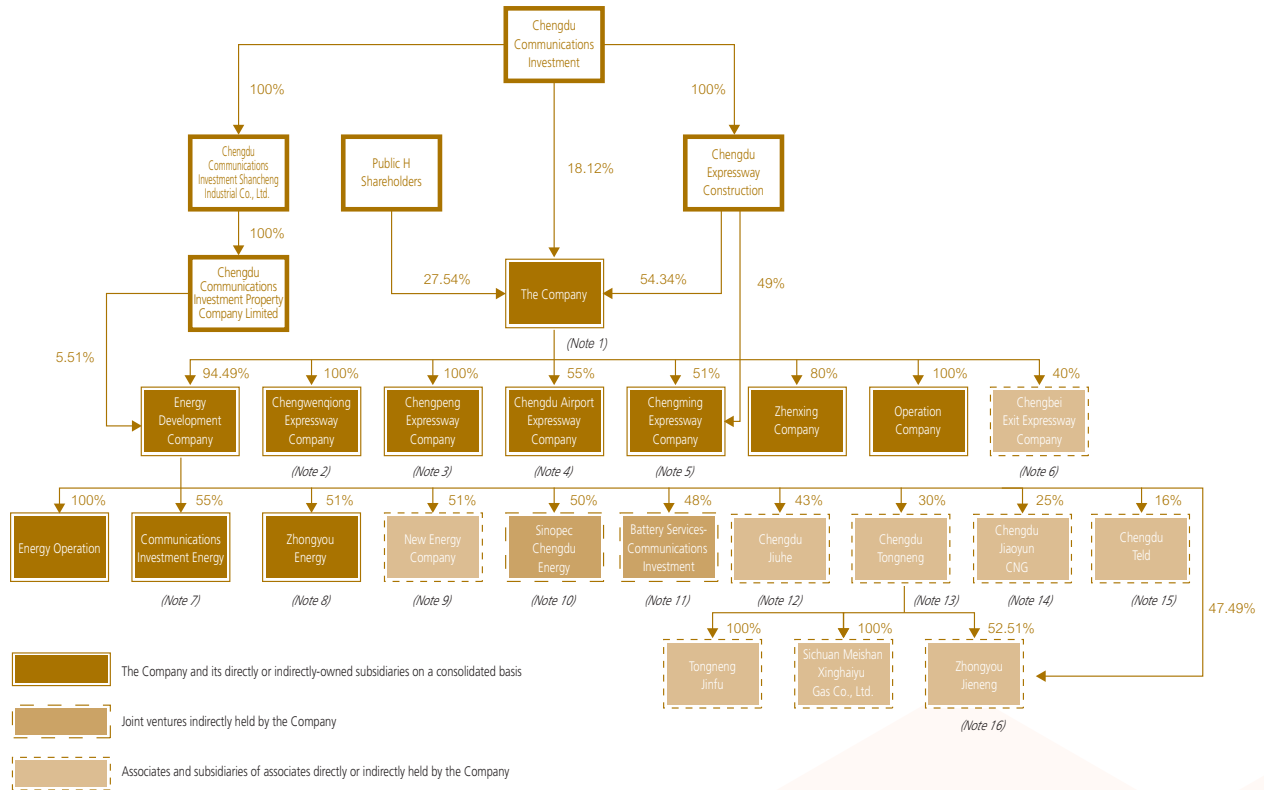
- Chengguan Expressway is a major part of the G4217 national expressway and a key section connecting Sichuan Province with Gansu Province, Qinghai Province and Tibet. It is also the main road to access Dujiangyan, a historic city, Qingcheng Mountain, Jiuzhai Valley, Huanglong and other tourist attractions 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.
- Qiongmeng 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.

OVERVIEW OF THE “ENERGY” SEGMENT

Within the energy segment of the Group, Energy Development Company acts as the investor to conduct operation of refined oil and natural gas through its subsidiaries, joint ventures and associates. As of the Reporting Date, Energy Development Company had 3 subsidiaries, being Zhongyou Energy, Communications Investment Energy and Energy Operation, and 10 joint ventures and associates, including Sinopec Chengdu Energy and Chengdu Tongneng through direct and indirect shareholding.

GROUP STRUCTURE

The chart below sets out the Group's structure as at the Reporting Date:



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

Name	Percentage of Ownership	Length (km)	Number of Lanes	Number of Toll Stations	Commencement of Operation	Expiration
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	100%	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

GROUP STRUCTURE

The table below sets forth certain operation information of subsidiaries of Energy Development Company as at the Reporting Date:

Company Name	Date of Incorporation	Principal Business	Number of Stations (in Operation)
Zhongyou Energy	19 June 2009	Operation of refined oil	17 petrol stations
Communications	15 November 2010	Operation of refined oil	5 petrol stations
Investment Energy			
Energy Operation	18 December 2020	Operation of refined oil and natural gas	4 petrol stations (including 3 petrol stations under entrusted operation and management)

Notes:

As of the Reporting Date:

1. The Company holds 100% interests in Chengguan Expressway.
2. The Company holds 100% interests in Chengwenqiong Expressway through Chengwenqiong Expressway Company.
3. The Company holds 100% interests in Chengpeng Expressway through Chengpeng Expressway Company.
4. The Company holds 55% interests in Chengdu Airport Expressway through Chengdu Airport Expressway Company and its remaining 45% interests 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 Qiongmeng Expressway through Chengming Expressway Company and its remaining 49% interests are held by Chengdu Expressway Construction.
6. The Company holds 40% interests in Chengbei Exit Expressway through Chengbei Exit Expressway Company, an associate and its remaining 60% interests are held by Chengyu Expressway Company.
7. Communications Investment Energy is held as to 55% by Energy Development Company, and its remaining 45% equity interests are held by Yanchang Shell (Sichuan) Petroleum Co., Ltd. (延長殼牌(四川)石油有限公司).

GROUP STRUCTURE

8. Zhongyou Energy is held as to 51% by Energy Development Company, and its remaining 49% equity interests are held by PetroChina.
9. New Energy Company is held as to 51% by Energy Development Company, and its remaining 49% equity interests are held by Sichuan Shudian Corporation (四川蜀電集團有限公司) and Chengdu Bus Asset Management Co., Ltd. (成都公交資產經營管理有限公司) as to 34% and 15%, respectively.
10. Sinopec Chengdu Energy is held as to 50% by Energy Development Company, and its remaining 50% equity interests are held by Sinopec Sales Company Limited (中國石化銷售股份有限公司).
11. Battery Services-Communications Investment is held as to 48% by Energy Development Company, and its remaining 52% equity interests are held by Times Battery Services Technology Co., Ltd. (時代電服科技有限公司).
12. Chengdu Jiuhe is held as to 43% by Energy Development Company, and its remaining 57% equity interests are held by Chengdu Rongtai Industry Corporation (成都榮泰實業總公司).
13. Chengdu Tongneng is held as to 30% by Energy Development Company, and its remaining 70% equity interests are 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.
14. Chengdu Jiaoyun CNG is held as to 25% by Energy Development Company, and its remaining 75% equity interests are 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.
15. Chengdu Teld is held as to 16% by Energy Development Company, and its remaining 84% equity interests are held by Teld New Energy Co., Ltd. (特來電新能源股份有限公司) and Chengdu Advanced Manufacturing Industry Investment Co., Ltd. (成都先進製造產業投資有限公司) as to 66% and 18%, respectively.
16. Zhongyou Jieneng is held as to 47.49% by Energy Development Company, and its remaining 52.51% equity interests are held by Chengdu Tongneng.

MAJOR EVENTS DURING THE REPORTING PERIOD

SUCCESSFUL ISSUANCE OF ULTRA-SHORT-TERM DEBENTURES

On 21 February 2023, the Company successfully issued the 2023 first tranche of ultra-short-term debentures in an amount of RMB300 million for a term of 180 days and at a coupon rate of 2.8%. For details, please refer to the announcement of the Company dated 21 February 2023.

INVESTMENT IN THE CHENGWENQIONG EXPRESSWAY EXPANSION PROJECT

On 12 May 2023, the Shareholders of the Company considered and approved the Company's investment in the Chengwenqiong Expressway Expansion Project, for which the Company acts as the project investor and Chengwenqiong Expressway Company acts as the project owner to carry out financing and construction. For details, please refer to the announcements of the Company dated 1 March 2023 and 12 May 2023, as well as the circular of the Company dated 14 April 2023.

APPOINTMENT OF CHAIRMAN OF THE BOARD

Upon consideration and approval by the Board on 7 June 2023, Mr. Yang Tan was elected as the chairman of the Board for a term commencing from the date of election until the expiry of the second session of the Board. For details, please refer to the announcement of the Company dated 7 June 2023.

REVIEW AND OUTLOOK

BUSINESS REVIEW

Since the beginning of 2023, despite facing the complicated and challenging global environment, the domestic economy has been reviving overall and resumed to normalised operation thanks to resumption of economic and social activities, gradual pick-up in market demand, ramp-up of production and supply, stable employment and prices and steady increase in household income. According to the National Bureau of Statistics of the People's Republic of China, Sichuan Provincial Bureau of Statistics and Chengdu Bureau of Statistics, from January to June 2023, Chengdu achieved a 5.8% year-on-year increase in GDP growth, exceeding that of both the national average and Sichuan by 0.3 percentage points, suggesting an overall steady and sound economic momentum in the first half of the year. During the Reporting Period, the Group realised revenue of RMB1,397,708,961 (corresponding period of 2022: RMB1,373,771,310), representing a year-on-year increase of 1.7%, of which revenue from the expressway segment reached RMB763,461,214 (corresponding period of 2022: RMB671,085,367), representing a year-on-year increase of 13.8%, and revenue from the energy segment reached RMB634,247,747 (corresponding period of 2022: RMB702,685,943), representing a year-on-year decrease of 9.7%; and achieved net profit attributable to the Shareholders of the Company of RMB317,221,598 (corresponding period of 2022: RMB291,675,730), representing a year-on-year increase of 8.9%.

During the Reporting Period, the daily weighted average traffic volume of the expressways of the Group reached 216,907 (corresponding period of 2022: 190,963), representing a year-on-year increase of 13.6%; and toll income of Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Chengdu Airport Expressway and Qiongming Expressway amounted to RMB187,723,913, RMB147,924,233, RMB211,352,915, RMB56,883,880 and RMB104,221,044, respectively, representing an increase of 8.8%, 14.8%, 8.5%, 24.5% and 20.5% from the corresponding period of 2022. The significant year-on-year increase in toll income was primarily attributable to the growth in travelling demand following normalised operation of economy and society.

During the Reporting Period, the year-on-year decrease in revenue recorded by the energy segment was primarily attributable to a slight drop in sales volume of refined oil in the first half of 2023.

OUTLOOK FOR THE SECOND HALF OF THE YEAR

Leveraging the gradual revival in domestic economic growth, it is expected that in the second half of 2023, the Group will post a steady increase in traffic volume and sales volume of refined oil and record an overall improvement in business performance.

During the second half of 2023, the Group will continue to enhance operating and management capacity with a steadfast focus on development leveraging the following approaches: firstly, the Group will materialise the Chengwenqiong Expressway Expansion Project, and build it into a domestically first-class "smart and scenic" intra-city expressway upholding the innovation and environmental-friendly principle, so as to promote regional cooperative development while offering expressway users with safer, smoother, greener and high quality services; secondly, the Group will conduct an in-depth research into mid-to-long term expressway network planning in Sichuan Province, earnestly pursue quality expressway bidding opportunities, and proactively acquire and merge with quality road assets that have commenced operation in a bid to extend the mileage of expressways under operation, popularise the brand and management and maintenance experience of "Chengdu Expressway", and bring "smooth, safe, convenient, beautiful and clean" experiences and services to expressway users; and thirdly, the Group will take the initiative to extend business presence to the new energy industry, improve service capability and endeavour to attract customers, facilitating the energy segment to achieve progress in sales volume, revenue stream and efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF THE GROUP'S OPERATING RESULTS

	For the six months ended 30 June 2023 RMB	For the six months ended 30 June 2022 RMB
Revenue	1,397,708,961	1,373,771,310
Including:		
Toll income	708,105,985	628,388,176
Revenue from sales of refined oil	621,025,291	688,698,514
Revenue from operation and management services	34,467,825	29,516,574
Revenue from convenience stores	6,783,597	11,999,483
Revenue from maintenance services	4,240,400	7,384,812
Rental income	5,973,545	5,520,945
Traffic volume compensation for operation suspension at a toll station	13,283,433	–
Others	3,828,885	2,262,806
Total profit	408,148,778	373,752,347
Net profit attributable to the Shareholders of the Company	319,172,940	291,675,730
Basic earnings per Share	0.19	0.18

SUMMARY OF THE GROUP'S FINANCIAL POSITION

	As at 30 June 2023 RMB	As at 31 December 2022 RMB
Total assets	9,384,032,545	9,168,751,205
Total liabilities	4,415,322,502	4,209,133,009
Non-controlling interests	920,484,787	934,878,396
Total equity attributable to the Shareholders of the Company	4,048,225,256	4,024,739,800

Note 1: With the approval of the Board, the Company made corrections to previous accounting errors during the Reporting Period, and comparative figures were corrected based on a retrospective basis. For details, please refer to Note XIII to the financial statements. Amount subject to correction of accounting errors accounted for an insignificant portion of the Group's net assets and net profit for the comparative periods, and did not have any substantial or material impact on the Group's financial position and operating results.

Note 2: Reclassification adjustments have been made to certain comparative figures contained in this interim report/ announcement to align with the presentation in the current period.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

The Group generates revenue from two business segments, mainly comprising (i) toll income from operating expressways; and (ii) revenue from sales of refined oil through operating petrol stations.

During the Reporting Period, the Group operated Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Chengdu Airport Expressway and Qiongming Expressway, as well as Tianfu Airport Expressway and Pudu Expressway under entrusted management under the expressway segment; while under the energy segment, 23 petrol stations of the Group were in operation, 3 petrol stations and 4 gas stations of the Group were in construction (including those completed but yet to commence operation), and 3 petrol stations, i.e. Xinhua Petrol Station, Huamin Petrol Station and Shiling Petrol Station were under entrusted operation and management by Energy Operation.

The Group achieved total revenue of RMB1,397,708,961 during the Reporting Period, representing an increase of RMB23,937,651 from the corresponding period of 2022, including revenue from the expressway segment of RMB763,461,214, accounting for 54.6% of the total revenue for the first half of 2023, and revenue from the energy segment of RMB634,247,747, accounting for 45.4% of the total revenue for the first half of 2023. The table below sets forth an analysis of revenue generated by the Group during the Reporting Period:

	For the six months ended 30 June 2023 RMB	For the six months ended 30 June 2022 RMB	Increase/ (decrease) during the Reporting Period over the same period of last year
Revenue from expressway segment:			
Toll income	708,105,985	628,388,176	12.7%
Chengguan Expressway	187,723,913	172,486,593	8.8%
Chengpeng Expressway	147,924,233	128,831,427	14.8%
Chengwenqiong Expressway	211,352,915	194,879,828	8.5%
Chengdu Airport Expressway	56,883,880	45,673,575	24.5%
Qiongming Expressway	104,221,044	86,516,753	20.5%
Revenue from operation and management services	30,510,155	28,251,280	8.0%
Revenue from maintenance services	4,240,400	7,384,812	(42.6%)
Rental income	5,572,860	5,293,953	5.3%
Traffic volume compensation for operation suspension at a toll station	13,283,433	–	N/A
Others	1,748,381	1,767,146	(1.1%)
	763,461,214	671,085,367	13.8%
Revenue from energy segment:			
Revenue from sales of refined oil	621,025,291	688,698,514	(9.8%)
Revenue from convenience stores	6,783,597	11,999,483	(43.5%)
Revenue from operation and management services	3,957,670	1,265,294	212.8%
Rental income	400,685	226,992	76.5%
Others	2,080,504	495,660	319.7%
	634,247,747	702,685,943	(9.7%)
Total	1,397,708,961	1,373,771,310	1.7%

MANAGEMENT DISCUSSION AND ANALYSIS

Expressway Segment

Set out below is the traffic volume of each expressway of the Group recorded during the period from 1 January to 30 June 2023:

Expressways	Daily weighted average traffic volume (vehicle)		Year-on-year increase
	1 January to 30 June 2023	1 January to 30 June 2022	
Chengguan Expressway	49,498	44,948	10.1%
Chengpeng Expressway	62,593	55,478	12.8%
Chengwenqiong Expressway	53,445	49,583	7.8%
Chengdu Airport Expressway	34,014	26,648	27.6%
Qiongming Expressway	17,357	14,306	21.3%
Total	216,907	190,963	13.6%

Details of toll income and traffic volume of the Group's expressways are set out below:

During the Reporting Period, toll income and daily average traffic volume of each expressway of the Group recorded a sharp increase from the corresponding period of 2022, primarily attributable to the following factors: in the first half of 2022, the complicated and grim economic situation, traffic diversion and dampened traveling demand led to a drastic decline in traffic volume; while in the first half of 2023, reviving economic activities, growing traveling demand and enhanced business operation and services of the Company contributed to a noticeable increase in traffic volume, resulting in desirable improvement in toll income and traffic volume on the Group's expressways during the Reporting Period as compared with the corresponding period of 2022.

During the Reporting Period, the Company achieved revenue from operation and management services under the expressway segment of RMB30,510,155, which was derived from the operation and management services provided to Tianfu Airport Expressway and Pudu Expressway.

During the Reporting Period, the Company achieved traffic volume compensation for operation suspension at a toll station of RMB13,283,433, which represented economic compensation from government authorities in Pidū District for temporary occupation of certain lanes on Chengguan Expressway and suspension of operation of Pidū East Toll Station during the construction of the Pidū east (five-ring interconnection) transformation project.

MANAGEMENT DISCUSSION AND ANALYSIS

Energy Segment

During the Reporting Period, revenue from the energy segment of the Group amounted to RMB634,247,747, representing a decrease of RMB68,438,196, or 9.7%, from the corresponding period of 2022. In particular, revenue from sales of refined oil amounted to RMB621,025,291, representing a decrease of RMB67,673,223, or 9.8%, from the corresponding period of 2022, primarily attributable to a decline in sales volume of refined oil in the first half of 2023; and revenue from convenience stores amounted to RMB6,783,597, primarily from the independent operation of convenience stores by our petrol stations. In addition, the energy segment recorded revenue from operation and management services of RMB3,957,670.

OPERATING COST

During the Reporting Period, operating cost of the Group mainly included cost of procurement of refined oil and commodities, depreciation and amortisation, staff remuneration and expressway repair, maintenance, cleaning and greening cost. During the Reporting Period, the Group incurred operating cost of RMB878,858,199 (corresponding period of 2022: RMB898,399,300), representing a year-on-year decrease of approximately 2.2%, primarily attributable to a decline in oil purchase quantity, and in turn a decrease in the cost of purchase of refined oil (including fuel purchase expenses and transportation expenses) incurred by Energy Development Company as compared with the corresponding period of 2022.

GROSS PROFIT AND GROSS PROFIT MARGIN

During the Reporting Period, the Group generated gross profit from operation of RMB518,850,762 (corresponding period of 2022: RMB475,372,010), representing a year-on-year increase of 9.1%, and achieved gross profit margin of 37.1% (corresponding period of 2022: 34.6%), representing a year-on-year increase of 2.5 percentage points. In particular, the expressway segment recorded gross profit of RMB441,207,173 and gross profit margin of 57.8% (corresponding period of 2022: 54.9%), representing a year-on-year increase of 2.9 percentage points, mainly due to an increase in toll income following normalised operation of economy and society; and the energy segment achieved gross profit of RMB77,643,589 and gross profit margin of 12.2% (corresponding period of 2022: 15.2%), representing a year-on-year decrease of 3.0 percentage points, mainly due to lower average unit selling price and higher average unit purchase price per ton of oil as compared with the corresponding period of 2022, leading to a decrease in gross profit margin during the Reporting Period.

ADMINISTRATIVE EXPENSES

During the Reporting Period, the Group incurred administrative expenses of RMB59,142,113 (corresponding period of 2022: RMB50,141,124), representing a year-on-year increase of 18.0%, which was mainly attributable to the increase in labour costs.

During the Reporting Period, the management staff benefit expenses (including salary and social insurance expenses) of the Group were RMB41,213,497 (corresponding period of 2022: RMB35,524,565).

MANAGEMENT DISCUSSION AND ANALYSIS

INVESTMENT INCOME

During the Reporting Period, the Group recognised income of RMB14,494,748 (corresponding period of 2022: RMB21,460,965) from investment in associates and joint ventures, representing a decrease of 32.5%, primarily attributable to a decrease in investment income recorded by the Group in Chengdu Teld and Zhongyou Jieneng during the Reporting Period.

NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

During the Reporting Period, net profit attributable to the Shareholders of the Company amounted to RMB319,172,940 (corresponding period of 2022: RMB291,675,730), representing a year-on-year increase of 9.4%; and basic earnings per Share reached RMB0.19 (corresponding period of 2022: RMB0.18), representing a year-on-year increase of 5.6%, primarily attributable to an increase in toll income following the normalisation of economic and social activities in the first half of 2023, leading to a corresponding increase in net profit attributable to the Shareholders of the Company.

ASSETS AND LIABILITIES OVERALL CONDITIONS

As at the end of the Reporting Period, total assets of the Group amounted to RMB9,384,032,545 (31 December 2022: RMB9,168,751,205), representing an increase of 2.3% from the end of 2022. As at the end of the Reporting Period, the Group's assets mainly consisted of intangible assets underlying the service concession rights in respect of Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Chengdu Airport Expressway and Qiongming Expressway, which accounted for 60.3% of the Group's total assets. Currency funds and other assets accounted for 23.2% and 16.5% of total assets, respectively.

As at the end of the Reporting Period, total liabilities of the Group amounted to RMB4,415,322,502 (31 December 2022: RMB4,209,133,009), representing an increase of 4.9% from the end of 2022.

BORROWINGS AND REPAYMENT CAPACITY

As at the end of the Reporting Period, total liabilities of the Group amounted to RMB4,415,322,502 (31 December 2022: RMB4,209,133,009), of which 58.2% (31 December 2022: 62.1%) represented bank and Shareholders' borrowings while 14.9% (31 December 2022: 16.9%) represented accounts payable.

As at the end of the Reporting Period, total interest-bearing borrowings of the Group amounted to RMB2,874,259,640 (31 December 2022: RMB2,917,588,513), of which RMB2,485,188,291 represented bank borrowings, RMB86,079,568 represented Shareholders' borrowing and RMB302,991,781 represented ultra-short-term debentures. 86.5% of the interest-bearing borrowings are not repayable within one year.

As at the end of the Reporting Period, bank borrowings of the Group carried an annual interest rate ranging from 3.08% to 4.21%, while Shareholders' borrowings carried a fixed annual interest rate of 4.75%. During the Reporting Period, interest expenses of the Group amounted to RMB57,940,433 (corresponding period of 2022: RMB66,975,062). Earnings before interest and tax amounted to RMB466,089,211 (corresponding period of 2022: RMB440,727,409) and therefore interest coverage ratio (earnings before interest and tax divided by interest expenses) was 8.0 (corresponding period of 2022: 6.6).

As at the end of the Reporting Period, gearing ratio of the Group (being total liabilities divided by total assets) was 47.1% (31 December 2022: 45.9%).

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 net of currency funds, not including liabilities for working capital purpose. Equity includes equity attributable to Shareholders of the Company and non-controlling interests. As at the end of the Reporting Period, the borrowing ratio of the Group was 12.3% (31 December 2022: 17.2%).

CAPITAL EXPENDITURE, COMMITMENTS AND UTILISATION

During the Reporting Period, capital expenditure of the Group amounted to RMB90,407,753, which was primarily incurred by the construction project of Ande service area and Chengguan Expressway Gaoxinxi service area construction project.

As at the end of the Reporting Period, total capital expenditure commitments of the Group amounted to RMB15,961,838, primarily relating to construction of Ande service area by Zhenxing Company and Chengguan Expressway Gaoxinxi service area construction project. The Group will prioritise internal resources to fund the above capital expenditure commitments.

As at the end of the Reporting Period, total investment commitments of the Group amounted to RMB144,000,000, representing equity investment commitment of Energy Development Company in Battery Services-Communications Investment.

CURRENT RATIO

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 RMB2,575,017,762 (31 December 2022: RMB2,237,450,203), of which: (i) currency funds were RMB2,177,378,931 (31 December 2022: RMB1,889,340,360), accounting for 84.6% (31 December 2022: 84.4%) of current assets; (ii) accounts receivable were RMB291,911,397 (31 December 2022: RMB207,447,293), accounting for 11.3% (31 December 2022: 9.3%) of current assets; (iii) inventories were RMB21,222,840 (31 December 2022: RMB17,322,330), accounting for 0.8% (31 December 2022: 0.8%) of current assets; and (iv) prepayments, other receivables and other current assets were RMB84,504,594 (31 December 2022: RMB123,340,220), accounting for 3.3% (31 December 2022: 5.5%) of current assets.

As at the end of the Reporting Period, current ratio (current assets divided by current liabilities) of the Group was 141.9% (31 December 2022: 152.3%). The decrease was primarily due to an increase in dividends payable of the Group during the Reporting Period.

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 2023 and 2022:

	Six months ended 30 June 2023 RMB	Six months ended 30 June 2022 RMB
Cash and cash equivalents presented in the consolidated statement of cash flows at the beginning of the period	1,814,070,960	1,800,119,207
Net cash flows from operating activities	483,020,184	499,312,679
Net cash flows from/(used in) investing activities	490,538	(198,860,413)
Net cash flows used in financing activities	(120,202,751)	(230,810,288)
Net increase in cash and cash equivalents	363,307,971	69,641,978
Cash and cash equivalents presented in the consolidated statement of cash flows at the end of the period	2,177,378,931	1,869,761,185
	As at 30 June 2023 RMB	As at 30 June 2022 RMB
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents as stated in the consolidated balance sheet	2,177,378,931	1,929,761,185
Time deposits with original maturity of over three months	—	60,000,000
Cash and cash equivalents as stated in the consolidated statement of cash flows	2,177,378,931	1,869,761,185

MANAGEMENT DISCUSSION AND ANALYSIS

Net cash flows from operating activities: During the Reporting Period, net cash flows from operating activities of the Group amounted to RMB483,020,184, compared to net cash flows from operating activities of RMB499,312,679 for the corresponding period in 2022, representing a year-on-year decrease of RMB16,292,495, or 3.3%.

Net cash flows from/(used in) investing activities: During the Reporting Period, net cash flows from investing activities of the Group amounted to RMB490,538, compared to net cash flows used in investing activities of RMB198,860,413 for the corresponding period in 2022, representing a year-on-year increase of RMB199,350,951, primarily attributable to (i) payment of RMB60,945,150 for acquisition of equity interests in Chengdu Teld and relevant intermediary service fees during the same period last year; (ii) payment of RMB70,000,000 for acquisition of equity interests in Shandong Huitong Financial Leasing Co., Ltd. during the same period last year; and (iii) an increase of RMB48,037,227 in redemption of time deposits with maturity of over three months during the Reporting Period as compared with the same period last year.

Net cash flows used in financing activities: During the Reporting Period, net cash flows used in financing activities of the Group amounted to RMB120,202,751, compared to net cash flows used in financing activities of RMB230,810,288 for the corresponding period in 2022, representing a year-on-year decrease of RMB110,607,537, primarily attributable to (i) bank borrowings of RMB52,188,291 incurred by Zhenxing Company to finance the Ande service area project during the Reporting Period; and (ii) a decrease in cash paid relating to other financing activities of RMB40,208,033 during the Reporting Period.

MATERIAL ACQUISITION AND DISPOSAL

During the Reporting Period, the Group did not make any material acquisitions and disposals of subsidiaries, associates or joint ventures.

PLEDGE OF ASSETS

As at the end of the Reporting Period, the toll collection rights of Chengwenqiong Expressway with a net carrying amount of RMB923,224,645 (31 December 2022: RMB953,845,611) were pledged to secure bank loans of RMB395,000,000 (31 December 2022: RMB410,000,000), the toll collection rights of Chengpeng Expressway with a net carrying amount of RMB1,096,956,990 (31 December 2022: RMB1,133,477,303) were pledged to secure bank loans of RMB143,000,000 (31 December 2022: RMB143,000,000), and the toll collection rights of Qiongmeng Expressway with a net carrying amount of RMB2,223,080,982 (31 December 2022: RMB2,262,929,466) were pledged to secure bank loans of RMB1,613,000,000 (31 December 2022: RMB1,642,400,000).

FUTURE PLAN FOR MATERIAL INVESTMENTS OR ACQUISITION OF CAPITAL ASSETS

The Shareholders approved the investment by the Company in the Chengwenqiong Expressway Expansion Project on 12 May 2023 to expand Chengwenqiong Expressway along its original route subject to the two-way 8-lane standard. Total estimated investment of the project is approximately RMB12.652 billion, and the Company expects to finance the project in the upcoming year with, among other things, its self-owned funds and/or bank loans. For details, please refer to the announcements of the Company dated 1 March 2023 and 12 May 2023, as well as the circular dated 14 April 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

EXCHANGE RATE FLUCTUATION RISK

As the Group primarily operates in mainland China and the majority of its businesses are settled in RMB, it is not exposed to material foreign exchange rate 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

Lawsuit between Energy Development Company and Huaguan Industrial

On 14 August 2014, Energy Development Company issued the "Letter of Undertakings on Solving Issues concerning Project Lands of Communications Investment Energy" (the "Letter of Undertakings") to Chengdu Huaguan Industrial Co., Ltd. (成都華冠實業股份有限公司) ("Huaguan Industrial"), the then non-controlling shareholder of Communications Investment Energy. Pursuant to the Letter of Undertakings, Energy Development Company was going through land procedures for one petrol station (No. 3 station), and land construction procedures for one petrol station and one gas station through swap. Following issuance of the Letter of Undertakings, despite several rounds of resolution between the parties, the land procedures for the petrol stations and gas station failed to be completed. As such, Huaguan Industrial filed a lawsuit against Energy Development Company to Chengdu Intermediate People's Court in 2021, demanding Energy Development Company to 1) complete the construction land procedures for No. 3 station and help Communications Investment Energy to complete the state-owned land procedures; 2) identify lands for construction of one petrol station and one gas station within the administrative jurisdiction of Chengdu, and help Communications Investment Energy to complete the state-owned land procedures of the petrol station; and 3) compensate Huaguan Industrial for economic loss of RMB36,876,367.

On 11 August 2022, Chengdu Intermediate People's Court awarded a first-instance judgment, pursuant to which Energy Development Company shall not assume liability for compensation. Huaguan Industry appealed the first-instance judgement to the High People's Court of Sichuan Province which heard the case on 21 November 2022, and issued a civil ruling on 15 February 2023, pursuant to which the High People's Court of Sichuan Province considered that Energy Development Company and Huaguan Industrial constituted contractual relationship of rights and obligations, and the original judgment made a mistake in determining whether the contract has been established. Accordingly, the High People's Court of Sichuan Province revoked the judgment awarded by Chengdu Intermediate People's Court in August 2022, and remanded the case to Chengdu Intermediate People's Court for retrial. As the first and second claims of Huaguan Industrial are in substance unfulfillable, Huaguan Industrial thus changed its claims to the followings in April 2023: 1) demand the court to terminate the contractual relationship of rights and obligations between Huaguan Industrial and Energy Development Company; 2) demand Energy Development Company to compensate Huaguan Industrial economic loss of RMB65,039,200; and 3) demand Energy Development Company to bear in full the litigation fee incurred in the case. Based on the advice of the legal advisor, the management maintained the view that the Letter of Undertakings only represents the undertakings on contemplated arrangements issued by Energy Development Company, as a shareholder of Communications Investment Energy, to facilitate Communications Investment Energy in addressing issues, and does not constitute any undertaking on fulfilling any obligations. Even though the court ruled that contractual relationship has been established between Energy Development Company and Huaguan Industrial, Energy Development Company is only obliged to assisting in selection of land parcels and liaison with the government authorities. Besides, there was no default on the side of Energy Development Company as the failure in construction of petrol stations was attributable to policy requirements which constituted force majeure rather than non-performance by Energy Development Company, and Energy Development Company therefore shall not be held accountable. In view of the above, the Group did not make provision for estimated liabilities in this regard.

MANAGEMENT DISCUSSION AND ANALYSIS

Lawsuit between Chengming Expressway Company and Xuyang Petrification

On 20 May 2022, Chengming Expressway Company initiated a lawsuit against Sichuan Xuyang Petrification Trading Co., Ltd. (四川省旭陽石化貿易有限公司) (“Xuyang Petrification”), the defendant, in the Jianyang People’s Court, applying to legally invalidate the transfer (lease) agreements (the “Agreements”) entered into between the parties on 27 December 2012 and 26 July 2014, respectively, in relation to the extended 12-year land use rights following the change of nature of land use rights of two pairs and a total of four petrol and gas stations in Qionglai and Mingshan service areas along the Qionglai – Mingshan Expressway alongside National Highway 318, and the construction and operation right of Pingle service area (including the petrol and gas stations), and demanding Xuyang Petrification to return Pingle service area to Chengming Expressway Company in status quo.

Pursuant to the Agreements, amounts incurred from the change of nature of land use rights of two pairs and a total of four petrol and gas stations in Qionglai and Mingshan service areas, change of nature of land use rights of the petrol stations and gas stations in Pingle service area and construction of Pingle service area shall be paid by Xuyang Petrification. As of 31 December 2022, Xuyang Petrification had paid Chengming Expressway Company RMB6,833,248 for change of nature of land use rights, and partially completed the construction of the petrol stations in Pingle service area, which, however, did not commence commercial operation. Xuyang Petrification failed to pay Chengming Expressway Company any amount for transfer (lease) of construction and operation right as agreed in the agreements. Chengming Expressway Company recognised the amount paid by Xuyang Petrification for change of nature of land use rights in other payables.

On 26 July 2022, Chengming Expressway Company received the counterclaim filed by Xuyang Petrification, claiming that the demand raised by Chengming Expressway Company to invalidate the Agreements has in effect rendered the fulfillment of the Agreements unrealistic, and requesting Chengming Expressway Company to compensate economic loss thus incurred to Xuyang Petrification in a total amount of RMB28,162,100.

On 20 April 2023, Xuyang Petrification modified its claims, and demanded the court to rule Chengming Expressway Company to 1) refund the land transfer consideration and tax payment of RMB6,249,506, as well as interest accrued on the occupied fund to Xuyang Petrification; and 2) compensate Xuyang Petrification for loss equivalent to the expected income from petrol stations in Pingle service area of RMB4,282,800, loss on construction expenditure of RMB2,966,700 and loss on land use right of the construction land of RMB6,261,200, totaling RMB13,510,700.

On 13 June 2023, the Jianyang People’s Court awarded the judgement, pursuant to which, 1) Chengming Expressway Company and Xuyang Petrification shall rescind the Agreements, and Xuyang Petrification shall return Pingle service area to Chengming Expressway Company in its existing status; 2) Xuyang Petrification shall pay Chengming Expressway Company loss of interest accrued on occupied rental of RMB2,082,066; and 3) Chengming Expressway Company shall pay Xuyang Petrification land transfer consideration of RMB6,820,868 and interest accrued on such funds of RMB2,601,692, construction expenditure of RMB2,966,700 and loss equivalent to expected income of RMB4,282,800, totaling RMB16,672,060.

MANAGEMENT DISCUSSION AND ANALYSIS

Chengming Expressway Company and Xuyang Petrification appealed to Chengdu Intermediate People's Court on 3 July 2023. As of the Reporting Date, no judgement has been awarded by Chengdu Intermediate People's Court. Given that other payables of RMB6,833,248 has been recorded, the management recognised the estimated liabilities arising from the lawsuit between Chengming Expressway Company and Xuyang Petrification at an amount of RMB7,756,746 based on the judgement.

EMPLOYEE AND REMUNERATION POLICIES

As of the end of the Reporting Period, the Group had an aggregate of 2,245 employees (31 December 2022: 2,190), including 1,928 front-line staff, accounting for 85.9% of the total; 242 general management personnel, including staff in finance, human resources and other business departments, accounting for 10.8% of the total; and 75 middle-level department managers and above, accounting for 3.3% 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 benefit scheme organised by the local government authorities (social pension insurance) 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. In addition, the Group also participates in an additional employee retirement scheme, i.e. annuity. The Group will pay annuity on a monthly basis subject to a certain percentage of the average salaries of qualified employees in the previous year. The Company's executive Directors, senior management and the employee representative Supervisors received management 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 determines 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 operation results, specific tasks, reform and consolidation, operation and management, negative list, integrity, party construction 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 performance score of the Company and individual performance scores of the senior management members 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 as at the end of 2023. The remuneration of all senior management members is subject to review by the Remuneration and Evaluation Committee before being reported to the Board.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group values staff education and training. During the Reporting Period, the Group organised various training sessions pursuant to the Management Measures on Employee Training, which included corporate governance, listing compliance governance, 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 RMB162,524,464 (corresponding period of 2022: RMB145,447,289).

OTHER INFORMATION

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

Mr. Yang Tan has been the secretary to the Party Committee and chairman of the Board since June 2023; and an authorised representative of the Company under Rule 3.05 of the Listing Rules since July 2023.

Ms. Wu Haiyan ceased to serve as the deputy director (person in charge of affairs) of the finance department (capital centre) of Chengdu Communications Investment commencing from July 2023, and has been a director of Chengdu Communications Investment Shancheng Industrial Co., Ltd. since July 2023.

Mr. Luo Dan ceased to serve as an executive Director, an authorised representative of the Company under Rule 3.05 of the Listing Rules, and the chief accountant of the Company since July 2023.

Mr. Ding Dapan ceased to be person in charge of the Chengguan branch company, director of Chengbei Exit Expressway Company and general manager of each of Chengwenqiong Expressway Company and Chengpeng Expressway Company since April 2023.

Mr. Leung Chi Hang Benson ceased to be an executive director and general manager of Guangzhou Hongfu Supply Chain Co., Ltd. (廣州宏富供應鏈有限公司) commencing from April 2023, and ceased to be the regional director of Sifu Enterprise Management Consulting (Shanghai) Co., Ltd. (司富企業管理諮詢(上海)有限公司) since June 2023.

Ms. Jiang Yan ceased to be the director of the capital operation department of Chengdu Communications Investment since July 2023.

Ms. Xu Jingxian ceased to be a supervisor of each of Chengpeng Expressway Company, Chengwenqiong Expressway Company, Chengming Expressway Company, Zhenxing Company and Operation Company since April 2023.

Save as disclosed above, there was no other change in information of Directors, Supervisors and chief executive subject to disclosure pursuant to Rule 13.51B of the Listing Rules during the Reporting Period and up to the Reporting Date.

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.

OTHER INFORMATION

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 ¹	Interest in controlled corporation	Domestic Shares	Long position	900,000,000	100%	72.46%
	Beneficial owner	Domestic Shares	Long position	300,000,000		
Chengdu Expressway Construction ²	Beneficial owner	Domestic Shares	Long position	900,000,000	75%	54.34%

Notes:

- (1) Chengdu Communications Investment is held by the State-owned Assets Supervision and Administration Commission of Chengdu Municipal Government and Sichuan Provincial Finance Department as to 90% and 10%, respectively.
- (2) Chengdu Expressway Construction is wholly owned by Chengdu Communications Investment.

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 Jiaozi Financial Holding Group Co., Ltd. (成都交子金融控股集團有限公司)	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) ²	Interest in controlled corporation	H Shares	Long position	49,950,000	10.95%	3.02%
Chengdu Rail Industrial Investment Group Co., Ltd. (成都軌道產業投資集團有限公司) (formerly known as Chengdu Rail Industrial Investment Co., Ltd. (成都軌道產業投資有限公司)) ²	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) ³	Investment manager	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 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%
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) ⁴	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) ⁴	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) ⁵	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) ⁵	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 Rail Industrial Investment Group Co., Ltd. is wholly-owned by Chengdu Rail Transit Group Co., Ltd.. Chengdu Rail Industrial Investment Group 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

- (3) As an investment 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).
- (4) 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..
- (5) 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 other 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

DIVIDENDS

Pursuant to relevant resolutions passed at the 2022 annual general meeting of the Company held on 12 May 2023, the Company distributed final dividends for the year ended 31 December 2022 to the Shareholders on 11 July 2023, totaling approximately RMB294,786,156, being RMB0.178 (tax inclusive) per Share based on the total number of issued Shares of 1,656,102,000.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (corresponding period of 2022: nil).

OTHER INFORMATION

ARTICLES OF ASSOCIATION

On 27 March 2023, the Board resolved to propose to make certain amendments to the Articles of Association pursuant to the Administrative Measures on the Formulation of the Articles of Association of State-owned Enterprises (《國有企業公司章程制定管理辦法》) and other requirements, and make corresponding amendments to the Articles of Association applicable after listing of the A Shares of the Company. The proposed amendments had been considered and approved by the Shareholders by way of special resolution at the 2022 annual general meeting of the Company held on 12 May 2023. The latest version of the Articles of Association had been published on the websites of the Company and the Stock Exchange on 12 May 2023. For details of the amendments, please refer to the Company's announcements dated 27 March 2023 and 12 May 2023, and the circular dated 14 April 2023.

AUDIT AND RISK MANAGEMENT COMMITTEE

As at the Reporting Date, the Audit and Risk Management Committee of the Company comprises three Directors, namely Mr. Leung Chi Hang Benson, being an independent non-executive Director, Mr. Wang Peng, being an independent non-executive Director and Mr. Yang Bin, being a non-executive Director. Mr. Leung Chi Hang Benson 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 2023 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 for deviation from code provisions C.2.1 and B.2.2 of part 2 of the Corporate Governance Code.

Code provision C.2.1 requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Yang Tan, general manager of the Company (exercising the same powers as chief executive officer), acted as the chairman of the Board from 15 March 2023, and was appointed as the chairman of the Board on 7 June 2023. Since Mr. Yang Tan is familiar with the Company's development strategy, Board functioning and operating management, the Board believes that vesting the roles of chairman of the Board and general manager concurrently into Mr. Yang Tan may guarantee consistent leadership of the Group, improve its decision-making process and implementation efficiency, and effectively grasp business opportunities. In addition, the responsibilities of the chairman of the Board and general manager of the Company have been clearly separated and defined in written form to ensure efficient duty performance and clear division of powers and responsibilities. Therefore, such arrangement will not undermine the checks and balances between the Board and the management of the Group. Going forward, the Board will review the effectiveness of such arrangement from time to time, and will vest the roles of chairman of the Board and general manager of the Company into different individuals at an appropriate timing.

OTHER INFORMATION

Code provision B.2.2 requires that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. As disclosed in the announcement of the Company dated 9 June 2023, the term of office of the second session of the Board and the Supervisory Committee expired on 11 June 2023. Given that nomination for members of a new session of the Board and the Supervisory Committee has not been finalised, to ensure continuity in duty performance of the Board and the Supervisory Committee, election of a new session of the Board and the Supervisory Committee will be postponed. The term of office of each special committee of the second session of the Board and the senior management members appointed by the Board will be accordingly extended. The postponed election of a new session of the Board and the Supervisory Committee will not have any impact on the normal operation of the Company. The Company will proactively expedite relevant process to complete election of a new session of the Board and the Supervisory Committee as soon as practicable, and will fulfill information disclosure obligations in a timely manner.

COMPLIANCE WITH 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 EVENTS

Subscription for Structured Deposits

The Company and its subsidiary Communications Investment Energy subscribed for three structured deposits on 3 January and 27 April 2023, all of which are principal-guaranteed with floating return and the Company and Communications Investment Energy shall not redeem the principal and income in advance during the duration. In particular, (i) on 3 January 2023, the Company subscribed for the structured deposit offered by Chengdu No.1 Sub-branch of China Construction Bank Corporation (中國建設銀行股份有限公司) for RMB400 million with a term of 173 days and an expected annualised rate of return of 1.5% to 3.4%; (ii) on 3 January 2023, the Company subscribed for the structured deposit offered by Bank of Chengdu Co., Ltd (成都銀行股份有限公司) Qintai Sub-branch for RMB50 million with a term of 173 days and an expected annualised rate of return of 1.54% to 3.40%; and (iii) on 27 April 2023, Communications Investment Energy subscribed for the structured deposit offered by Bank of Chengdu Co., Ltd (成都銀行股份有限公司) Huaxing Sub-branch for RMB100 million with a term of 61 days and an expected annualised rate of return of 1.43% to 3.00%. As of the end of the Reporting Period, all of the above structured deposits and the income thereof had been redeemed. For further details regarding the subscription of structured deposits, please refer to the announcements of the Company dated 3 January 2023 and 27 April 2023.

Establishment of a Joint Venture

On 16 January 2023, Energy Development Company, a subsidiary of the Company, entered into a capital contribution agreement with Times Battery Services Technology Co., Ltd., pursuant to which, both parties agreed to establish a joint venture, for the development of battery replacement business and related value-added businesses. Pursuant to the capital contribution agreement, the registered capital of the joint venture shall be RMB300,000,000. Energy Development Company and Times Battery Services Technology Co., Ltd. have undertaken to contribute RMB144,000,000 and RMB156,000,000 respectively to the joint venture in cash as registered capital, and the joint venture will be owned as to 48% by Energy Development Company and 52% by Times Battery Services Technology Co., Ltd.. For further details of the establishment of a joint venture, please refer to the announcements of the Company dated 16 January 2023 and 18 January 2023.

OTHER INFORMATION

SUBSEQUENT EVENTS

Subscription for Structured Deposits

The Company and Communications Investment Energy subscribed for four structured deposits on 3 July 2023, all of which are principal-guaranteed with floating return and the Company and Communications Investment Energy shall not redeem the principal and income in advance during the duration. In particular, (i) the Company subscribed for the structured deposit offered by China Construction Bank Corporation (中國建設銀行股份有限公司) Chengdu No.1 Sub-branch for RMB300 million with a term of 156 days and an expected annualised rate of return of 1.50% to 3.00%; (ii) the Company subscribed for the structured deposit offered by Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司) Chengdu Binjiang Sub-branch for RMB150 million with a term of 156 days and an expected annualised rate of return of 1.20% to 3.04%; (iii) the Company subscribed for the structured deposit offered by Bank of Chengdu Co., Ltd (成都銀行股份有限公司) Qintai Sub-branch for RMB50 million with a term of 156 days and an expected annualised rate of return of 1.54% to 3.04%; and (iv) Communications Investment Energy subscribed for the structured deposit offered by Bank of Chengdu Co., Ltd Huaxing Sub-branch for RMB100 million with a term of 86 days and an expected annualised rate of return of 1.43% to 2.90%. For further details regarding the subscription of structured deposits, please refer to the announcement of the Company dated 3 July 2023.

Entering into the Supplemental Agreements to the Refined Oil Purchase and Sale Contracts

On 27 July 2023, Energy Operation entered into the supplemental agreements to Huamin Refined Oil Purchase and Sale Contract and Xinhua Refined Oil Purchase and Sale Contract with each of Huamin Petrol Station and Xinhua Petrol Station to extend the duration of the refined oil purchase and sale contracts until 27 April 2025, and make certain amendments to the refined oil purchase and sale contracts mainly regarding, among other things, the pricing policies and payment methods. For further details regarding the supplemental agreements to the refined oil purchase and sale contracts, please refer to the announcement of the Company dated 27 July 2023.

Resignation of Director, Change of Authorised Representative and Change of Chief Accountant

On 27 July 2023, Mr. Luo Dan resigned as an executive Director and an authorised representative of the Company under Rule 3.05 of the Listing Rules, and also ceased to serve as the chief accountant of the Company due to work rearrangement. With effect from the same date, Mr. Yang Tan was appointed as an authorised representative of the Company under Rule 3.05 of the Listing Rules, and Mr. Xia Wei was appointed as the chief accountant of the Company. For further details regarding resignation of Director, change of authorised representative and change of chief accountant, please refer to the announcements of the Company dated 27 July 2023 and 28 July 2023.

INFORMATION DISCLOSURE

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

29 August 2023

CONSOLIDATED BALANCE SHEET

30 June 2023

Unit: RMB

	Note V	30 June 2023 (unaudited)	31 December 2022
ASSETS			
Current assets			
Currency funds	1	2,177,378,931	1,889,340,360
Accounts receivable	2	291,911,397	207,447,293
Prepayments		45,341,500	56,774,860
Other receivables		19,762,381	52,766,054
Inventories		21,222,840	17,322,330
Other current assets		19,400,713	13,799,306
Total current assets		2,575,017,762	2,237,450,203
Non-current assets			
Long-term equity investments	3	450,196,493	453,144,917
Other non-current financial assets		85,699,000	81,290,000
Fixed assets		350,929,037	321,861,951
Construction in progress		101,256,739	102,137,560
Right-of-use assets		31,788,411	35,125,844
Intangible assets	4	5,656,680,680	5,816,283,174
Goodwill		75,650,620	75,650,620
Long-term prepaid expenses		1,826,172	2,329,560
Deferred tax assets		28,761,828	28,476,978
Other non-current assets	5	26,225,803	15,000,398
Total non-current assets		6,809,014,783	6,931,301,002
Total assets		9,384,032,545	9,168,751,205

The accompanying notes to financial statements form an integral part of these financial statements

CONSOLIDATED BALANCE SHEET

Unit: RMB

30 June 2023

	Note V	30 June 2023 (unaudited)	31 December 2022
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable	6	658,167,926	710,797,756
Receipts in advance		7,499,767	2,955,800
Contract liabilities		6,267,206	22,627,372
Employee benefits payable		13,409,987	31,803,009
Taxes and surcharges payable		53,055,364	38,431,939
Other payables		548,093,668	140,703,423
Non-current liabilities due within one year	7	225,198,409	216,940,982
Other current liabilities	8	303,098,709	304,647,960
Total current liabilities		1,814,791,036	1,468,908,241
Non-current liabilities			
Long-term borrowings	9	2,276,688,291	2,329,000,000
Lease liabilities		22,930,167	26,869,475
Deferred tax liabilities		189,130,637	191,289,142
Estimated liabilities		7,756,746	–
Other non-current liabilities	10	104,025,625	193,066,151
Total non-current liabilities		2,600,531,466	2,740,224,768
Total liabilities		4,415,322,502	4,209,133,009

The accompanying notes to financial statements form an integral part of these financial statements

CONSOLIDATED BALANCE SHEET

30 June 2023

Unit: RMB

	Note V	30 June 2023 (unaudited)	31 December 2022
LIABILITIES AND EQUITY			
Equity			
Share capital		1,656,102,000	1,656,102,000
Capital reserves		571,650,501	571,650,501
Specialised reserves		15,002,265	15,903,593
Surplus reserves		268,218,423	268,218,423
Unappropriated profit	11	1,537,252,067	1,512,865,283
Total equity attributable to shareholders of the Company		4,048,225,256	4,024,739,800
Non-controlling interests		920,484,787	934,878,396
Total equity		4,968,710,043	4,959,618,196
Total liabilities and equity		9,384,032,545	9,168,751,205

The financial statements have been signed by:

Legal representative:

Financial controller:

Accounting supervisor:

CONSOLIDATED INCOME STATEMENT

Unit: RMB

Six months ended 30 June 2023

	Note V	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Revenue	12	1,397,708,961	1,373,771,310
Less: Cost of sales		878,858,199	898,399,300
Taxes and surcharges		5,081,147	6,176,731
Selling expenses		25,365,725	31,133,542
Administrative expenses		59,142,113	50,141,124
Finance expenses		39,937,181	48,437,597
Including: Interest expenses		57,940,433	66,975,062
Interest income		18,344,689	18,668,217
Add: Other income		95,094	155,239
Investment income		14,494,748	21,460,965
Including: Income from investments in associates and joint ventures		14,494,748	21,460,965
Credit impairment income/(loss)		1,400,193	(189,040)
Gains from disposal of assets		—	689,862
Fair value gains		4,409,000	6,039,300
Operating profit		409,723,631	367,639,342
Add: Non-operating income		6,504,163	6,173,377
Less: Non-operating expenses		8,079,016	60,372
Total profit		408,148,778	373,752,347
Less: Income tax expenses	13	71,807,983	50,683,219
Net profit		336,340,795	323,069,128
Classified by continuity of operations			
Net profit from continuing operations		336,340,795	323,069,128
Classified by ownership			
Net profit attributable to shareholders of the Company		319,172,940	291,675,730
Net profit attributable to non-controlling interests		17,167,855	31,393,398
Total comprehensive income		336,340,795	323,069,128
Including:			
Total comprehensive income attributable to shareholders of the Company		319,172,940	291,675,730
Total comprehensive income attributable to non-controlling interests		17,167,855	31,393,398
Earnings per share (RMB/share)			
Basic and diluted	14	0.19	0.18

The accompanying notes to financial statements form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

Unit: RMB

Six months ended 30 June 2023 (unaudited)

	Attributable to shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Capital reserves	Specialised reserves	Surplus reserves	Unappropriated profit	Subtotal		
I. Closing balances of the preceding year	1,656,102,000	516,284,901	15,903,593	268,218,423	1,527,160,528	3,983,669,445	934,324,041	4,917,993,486
Correction to accounting errors	-	55,365,600	-	-	(14,295,245)	41,070,355	554,355	41,624,710
II. Opening balances for the period	1,656,102,000	571,650,501	15,903,593	268,218,423	1,512,865,283	4,024,739,800	934,878,396	4,959,618,196
III. Changes in the current period								
(I) Total comprehensive income	-	-	-	-	319,172,940	319,172,940	17,167,855	336,340,795
(II) Shareholder contribution	-	-	-	-	-	-	29,215,187	29,215,187
(III) Profit distribution								
1. Distribution to shareholders	-	-	-	-	(294,786,156)	(294,786,156)	(59,625,269)	(354,411,425)
(IV) Specialised reserves								
1. Appropriation during the period	-	-	282,771	-	-	282,771	16,489	299,260
2. Utilisation during the period	-	-	(1,184,099)	-	-	(1,184,099)	(1,167,871)	(2,351,970)
IV. Closing balances for the period	1,656,102,000	571,650,501	15,002,265	268,218,423	1,537,252,067	4,048,225,256	920,484,787	4,968,710,043

The accompanying notes to financial statements form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unit: RMB

For the six months ended 30 June 2023

Six months ended 30 June 2022 (unaudited)

	Attributable to shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Capital reserves	Specialised reserves	Surplus reserves	Unappropriated profit	Subtotal		
I. Closing balances of the preceding year	1,656,102,000	504,353,491	14,906,630	213,889,871	1,308,271,876	3,697,523,868	903,908,398	4,601,432,266
Add: Correction to accounting errors	-	55,365,600	-	-	2,283,408	57,649,008	554,355	58,203,363
II. Opening balances for the period	1,656,102,000	559,719,091	14,906,630	213,889,871	1,310,555,284	3,755,172,876	904,462,753	4,659,635,629
III. Changes in the current period								
(I) Total comprehensive income	-	-	-	-	291,675,730	291,675,730	31,393,398	323,069,128
(II) Shareholder contribution	-	-	-	-	-	-	7,860,229	7,860,229
(III) Profit distribution								
1. Distribution to shareholders	-	-	-	-	(233,510,382)	(233,510,382)	(45,824,949)	(279,335,331)
(IV) Specialised reserves								
1. Appropriation during the period	-	-	2,529,040	-	-	2,529,040	2,371,441	4,900,481
2. Utilisation during the period	-	-	(2,965,846)	-	-	(2,965,846)	(3,135,420)	(6,101,266)
IV. Closing balances for the period	1,656,102,000	559,719,091	14,469,824	213,889,871	1,368,720,632	3,812,901,418	897,127,452	4,710,028,870

The accompanying notes to financial statements form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

Unit: RMB

	Note V	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		1,217,168,869	1,290,526,052
Refund of taxes and surcharges		95,094	155,239
Other cash received relating to operating activities		108,341,135	79,557,407
Subtotal of cash inflows from operating activities		1,325,605,098	1,370,238,698
Cash paid for purchase of goods and receipt of services		516,033,088	548,507,462
Cash paid to and on behalf of employees		181,246,006	189,747,319
Payments of taxes and surcharges		95,945,955	98,955,374
Other cash paid relating to operating activities		49,359,865	33,715,864
Subtotal of cash outflows from operating activities		842,584,914	870,926,019
Net cash flows from operating activities		483,020,184	499,312,679
II. Cash flows from investing activities:			
Cash received from disposal of investments		760,000,000	514,112,773
Cash received from investment gains		30,876,414	27,901,976
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		21,877	—
Subtotal of cash inflows from investing activities		790,898,291	542,014,749
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		90,407,753	109,930,012
Cash paid to acquire investments		700,000,000	630,945,150
Subtotal of cash outflows from investing activities		790,407,753	740,875,162
Net cash flows from/(used in) investing activities		490,538	(198,860,413)

The accompanying notes to financial statements form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Unit: RMB

For the six months ended 30 June 2023

	Note V	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
III. Cash flows from financing activities:			
Cash received from absorption of investments		29,215,187	7,860,229
Including: Cash received by subsidiaries from investment of non-controlling shareholders		29,215,187	7,860,229
Cash received from borrowings		352,188,291	300,000,000
Subtotal of cash inflows from financing activities		381,403,478	307,860,229
Cash paid for repayment of debts		395,400,000	403,600,000
Cash paid for distribution of dividends, profits or repayment of interests		96,851,169	85,507,424
Including: Dividends and profits paid to non-controlling interests by subsidiaries		30,594,921	14,772,780
Other cash paid relating to financing activities		9,355,060	49,563,093
Subtotal of cash outflows from financing activities		501,606,229	538,670,517
Net cash flows used in financing activities		(120,202,751)	(230,810,288)
IV. Net increase in cash and cash equivalents		363,307,971	69,641,978
Add: Balance of cash and cash equivalents at the beginning of the period		1,814,070,960	1,800,119,207
V. Balance of cash and cash equivalents at the end of the period	15	2,177,378,931	1,869,761,185

The accompanying notes to financial statements form an integral part of these financial statements

BALANCE SHEET OF THE COMPANY

30 June 2023

Unit: RMB

	30 June 2023 (unaudited)	31 December 2022
ASSETS		
Current assets		
Currency funds	1,584,114,869	1,450,834,319
Accounts receivable	18,389,235	5,045,754
Prepayments	1,591,639	2,116,098
Other receivables	290,648,968	250,136,163
Other current assets	9,175,848	7,609,380
Total current assets	1,903,920,559	1,715,741,714
Non-current assets		
Long-term equity investments	3,017,050,653	2,961,470,647
Other non-current financial assets	85,199,000	80,790,000
Fixed assets	25,030,940	27,660,400
Construction in progress	35,174,517	19,799,454
Right-of-use assets	9,522,779	10,876,432
Intangible assets	444,168,734	464,048,741
Deferred tax assets	1,995,891	2,718,782
Other non-current assets	10,000,000	—
Total non-current assets	3,628,142,514	3,567,364,456
Total assets	5,532,063,073	5,283,106,170

The accompanying notes to financial statements form an integral part of these financial statements

BALANCE SHEET OF THE COMPANY

Unit: RMB

30 June 2023

	30 June 2023 (unaudited)	31 December 2022
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	19,003,049	29,152,966
Receipts in advance	114,256	718,129
Employee benefits payable	2,444,866	7,369,934
Taxes and surcharges payable	12,636,545	5,823,056
Other payables	990,418,625	765,722,678
Non-current liabilities due within one year	116,530,864	112,296,715
Other current liabilities	302,991,781	304,188,082
Total current liabilities	1,444,139,986	1,225,271,560
Non-current liabilities		
Long-term borrowings	170,000,000	226,000,000
Lease liabilities	6,398,978	7,670,155
Other non-current liabilities	23,885,127	24,328,734
Total non-current liabilities	200,284,105	257,998,889
Total liabilities	1,644,424,091	1,483,270,449
Equity		
Share capital	1,656,102,000	1,656,102,000
Capital reserves	729,032,527	729,032,527
Surplus reserves	268,218,423	268,218,423
Unappropriated profit	1,234,286,032	1,146,482,771
Total equity	3,887,638,982	3,799,835,721
Total liabilities and equity	5,532,063,073	5,283,106,170

The accompanying notes to financial statements form an integral part of these financial statements

INCOME STATEMENT OF THE COMPANY

Six months ended 30 June 2023

Unit: RMB

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Revenue	236,043,003	208,462,744
Less: Cost of sales	86,241,560	89,128,665
Taxes and surcharges	821,541	833,385
Administrative expenses	18,799,626	17,158,124
Finance expenses	(2,072,990)	(2,074,110)
Including: Interest expenses	16,938,805	17,751,431
Interest income	18,605,912	19,244,198
Add: Other income	53,580	122,648
Investment income	264,312,555	372,024,915
Including: Income from investments in associates	10,743,061	14,580,227
Fair value gains	4,409,000	6,039,300
Operating profit	401,028,401	481,603,543
Add: Non-operating income	3,433,105	2,480,751
Less: Non-operating expenses	17,165	4,948
Total profit	404,444,341	484,079,346
Less: Income tax expenses	21,854,924	16,541,702
Net profit	382,589,417	467,537,644
Including: Net profit from continuing operations	382,589,417	467,537,644
Total comprehensive income	382,589,417	467,537,644

The accompanying notes to financial statements form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

Unit: RMB

Six months ended 30 June 2023

Six months ended 30 June 2023 (unaudited)

	Share capital	Capital reserves	Surplus reserves	Unappropriated profit	Total equity
I. Closing balances of the preceding year	1,656,102,000	670,065,375	268,218,423	1,163,061,424	3,757,447,222
Add: Correction to accounting errors	–	58,967,152	–	(16,578,653)	42,388,499
II. Opening balances for the period	1,656,102,000	729,032,527	268,218,423	1,146,482,771	3,799,835,721
III. Changes in the current period					
(I) Total comprehensive income	–	–	–	382,589,417	382,589,417
(II) Profit distribution					
1. Distribution to shareholders	–	–	–	(294,786,156)	(294,786,156)
IV. Closing balances for the period	1,656,102,000	729,032,527	268,218,423	1,234,286,032	3,887,638,982

The accompanying notes to financial statements form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

Six months ended 30 June 2023

Unit: RMB

Six months ended 30 June 2022 (unaudited)

	Share capital	Capital reserves	Surplus reserves	Unappropriated profit	Total equity
I. Closing balances of the preceding year	1,656,102,000	670,065,375	213,889,871	907,614,843	3,447,672,089
Add: Correction to accounting errors	–	58,967,152	–	–	58,967,152
II. Opening balances for the period	1,656,102,000	729,032,527	213,889,871	907,614,843	3,506,639,241
III. Changes in the current period					
(I) Total comprehensive income	–	–	–	467,537,644	467,537,644
(II) Profit distribution					
1. Distribution to shareholders	–	–	–	(233,510,382)	(233,510,382)
IV. Closing balances for the period	1,656,102,000	729,032,527	213,889,871	1,141,642,105	3,740,666,503

The accompanying notes to financial statements form an integral part of these financial statements

STATEMENT OF CASH FLOWS OF THE COMPANY

Unit: RMB

Six months ended 30 June 2023

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	212,898,802	213,691,156
Refund of taxes and surcharges	53,580	122,648
Other cash received relating to operating activities	51,138,312	9,591,117
Subtotal of cash inflows from operating activities	264,090,694	223,404,921
Cash paid for purchase of goods and receipt of services	39,029,730	52,022,785
Cash paid to and on behalf of employees	38,105,997	40,883,721
Payments of taxes and surcharges	21,408,483	17,218,204
Other cash paid relating to operating activities	18,780,291	34,980,342
Subtotal of cash outflows from operating activities	117,324,501	145,105,052
Net cash flows from operating activities	146,766,193	78,299,869
II. Cash flows from investing activities:		
Cash received from investment gains	173,618,528	320,428,815
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	21,757	—
Cash received from disposal of investments	760,000,000	471,962,773
Other cash received relating to investing activities	58,864,028	3,808,675
Subtotal of cash inflows from investing activities	992,504,313	796,200,263
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	11,076,213	4,730,144
Cash paid to acquire investments	760,680,483	532,051,473
Other cash paid relating to investing activities	—	115,000,000
Subtotal of cash outflows from investing activities	771,756,696	651,781,617
Net cash flows from investing activities	220,747,617	144,418,646

The accompanying notes to financial statements form an integral part of these financial statements

STATEMENT OF CASH FLOWS OF THE COMPANY

Six months ended 30 June 2023

Unit: RMB

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
III. Cash flows from financing activities:		
Cash received from borrowings	300,000,000	300,000,000
Subtotal of cash inflows from financing activities	300,000,000	300,000,000
Cash paid for repayment of debts	351,000,000	76,000,000
Cash paid for distribution of dividends, profits or repayment of interests	19,431,750	22,805,008
Other cash paid relating to financing activities	8,530,610	402,714,608
Subtotal of cash outflows from financing activities	378,962,360	501,519,616
Net cash flows from financing activities	(78,962,360)	(201,519,616)
IV. Net increase in cash and cash equivalents	288,551,450	21,198,899
Add: Balance of cash and cash equivalents at the beginning of the period	1,295,563,419	1,343,124,636
V. Balance of cash and cash equivalents at the end of the period	1,584,114,869	1,364,323,535

The accompanying notes to financial statements form an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2023

I. BASIC INFORMATION

Chengdu Expressway Co., Ltd. (the “Company”), formerly known as Chengdu Chengguan Expressway Co., Ltd. (成都成灌高速公路有限責任公司), is a company with limited liability registered in Sichuan, the People’s Republic of China and was established on 25 August 1998 with perpetual term of operation. On 21 December 2016, the Company completed reorganisation as a joint stock company with limited liability and changed its name to Chengdu Expressway Co., Ltd. The Company issued an aggregate of 456,102,000 ordinary H shares with a nominal value of RMB1 each on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) in January 2019 and February 2019. The headquarters of the Company is located at 9th Floor, Chengnan Tianfu Building, No. 66 Shenghe 1st Road, High-Tech Zone, Chengdu, Sichuan.

As of 30 June 2023, the Company issued an aggregate of 1,656,102,000 shares, representing total share capital of RMB1,656,102,000.

The Company and its subsidiaries (the “Group”) are principally engaged in the operation, management and development of expressways (including the ancillary service areas) located in and around Chengdu, Sichuan Province, as well as retail of refined oil, and also expand into operation of natural gas.

The parent company of the Group is Chengdu Expressway Construction and Development Co., Ltd. (“Chengdu Expressway Construction”) which is established in the People’s Republic of China, and the ultimate controller of the Group is State-owned Assets Supervision and Administration Commission of Chengdu Municipal Government (the “Chengdu SASAC”).

These financial statements were approved for issuance pursuant to the board resolution passed on 29 August 2023.

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with the requirements of the Accounting Standards for Business Enterprises No. 32 – Interim Financial Report issued by the Ministry of Finance. These financial statements do not contain all the information and disclosure required in the annual financial statements, and therefore should be read in conjunction with the Company’s 2022 annual financial statements.

These financial statements have been prepared on a going concern basis.

III. ACCOUNTING POLICIES AND ESTIMATES

At the board meetings held on 27 March 2023 and 27 July 2023, it was approved that commencing from 1 January 2023, the Company will calculate the estimated amortisation of service concession rights of Chengguan Expressway, Chengpeng Expressway and Qiongmeng Expressway within the concession period according to their forecast traffic volume during the period from January 2023 to the respective maturities of the service concession rights based on the Traffic Volume Analysis and Forecast Research Report issued by Sichuan Highway Planning Survey Design & Research Institute Co., Ltd. in February and July 2023. The Group will apply the change in accounting estimates prospectively. Net profit of the Group for the six months ended 30 June 2023 was reduced by RMB4,976,230 as a result of the aforesaid change in accounting estimates.

Save for the above change in accounting estimates, accounting policies and estimates adopted in these financial statements are consistent with those adopted in the Company’s 2022 annual financial statements.

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2023

Unit: RMB

IV. TAXES

Major taxes and respective tax rates of the Group for the period are set out below:

Value-added tax (VAT)	–	VAT is levied at the simplified rate of 3% for toll income and traffic volume compensation for operation suspension at a toll station, 13% output tax for income from sales of oil products and goods in convenience stores, 6% output tax for operation and management services, 9% or 5% output tax for other income such as maintenance and rental income with VAT levied based on the amount arrived at after deducting the input tax qualified to be deductible for the current period; and 3% of taxable income for small-sized taxpayers.
City maintenance and construction tax	–	It is levied at 7% on the turnover taxes paid.
Corporate income tax	–	Corporate income tax is levied at 15% and 25% on the taxable profit.

Pursuant to the Circular of Extending the Period of Western Development Strategies Preferential Tax Rate (circular of Ministry of Finance, State Taxation Administration and National Development and Reform Commission [2020] No. 23), the Company and its subsidiaries, including Chengdu Chengwenqiong Expressway Co., Ltd. ("Chengwenqiong Expressway Company"), Chengdu Airport Expressway Co., Ltd. ("Chengdu Airport Expressway Company"), Sichuan Chengming Expressway Co., Ltd. ("Chengming Expressway Company"), Chengdu Expressway Operation Management Co., Ltd. ("Operation Company") and Chengdu Chengpeng Expressway Co., Ltd. ("Chengpeng Expressway Company") comply with the preferential tax policy, and are subject to the income tax rate of 15% during the current period.

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2023

V. NOTES TO THE KEY COMPONENTS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Currency funds

	30 June 2023 (unaudited)	31 December 2022
Cash	—	119,825
Bank deposits	2,175,736,647	1,872,662,639
Other currency funds	1,642,284	16,557,896
	2,177,378,931	1,889,340,360

As at 30 June 2023, the Group had no restricted currency funds (31 December 2022: RMB15,269,400).

2. Accounts receivable

Credit period of accounts receivable generally ranges from one to three months. Accounts receivable are non-interest-bearing.

An ageing analysis of accounts receivable based on the invoice dates is as follows:

	30 June 2023 (unaudited)	31 December 2022
Within 1 year	220,056,765	165,245,486
1 to 2 years	75,209,470	45,883,151
	295,266,235	211,128,637
Less: Provision for bad debts of accounts receivable	3,354,838	3,681,344
	291,911,397	207,447,293

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2023

Unit: RMB

V. NOTES TO THE KEY COMPONENTS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Long-term equity investments

	30 June 2023 (unaudited)	31 December 2022
Joint venture		
Sinopec Chengdu Energy Co., Ltd. ("Sinopec Chengdu Energy")	14,378,554	15,245,351
Associates		
Chengdu Chengbei Exit Expressway Co., Ltd. ("Chengbei Exit Expressway Company")	120,585,870	125,686,347
Zhongyou Jieneng (Chengdu) Environmental Protection Technology Co., Ltd. ("Zhongyou Jieneng")	47,069,054	48,762,351
Chengdu Tongneng Compressed Natural Gas Co., Ltd. ("Chengdu Tongneng")	140,542,298	135,862,292
Chengdu Communications Investment New Energy Industrial Development Co., Ltd. ("New Energy Company")	50,040,078	51,251,398
Chengdu Jiuhe Oil Management Co., Ltd. ("Chengdu Jiuhe")	5,005,658	5,084,794
Chengdu Jiaoyun Compressed Natural Gas Development Co., Ltd. ("Chengdu Jiaoyun CNG")	5,860,737	6,209,586
Chengdu Teld New Energy Co., Ltd. ("Chengdu Teld")	66,714,244	65,042,798
	450,196,493	453,144,917
Less: Impairment provision of long-term equity investments	—	—
	450,196,493	453,144,917

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2023

V. NOTES TO THE KEY COMPONENTS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Intangible assets

	30 June 2023 (unaudited)
Cost	
Opening balance	8,105,803,008
Purchase	22,416
Other decrease	(180,691)
Closing balance	8,105,644,733
Accumulated amortisation	
Opening balance	2,289,519,834
Provision	159,444,219
Closing balance	2,448,964,053
Carrying amount	
At the end of the period	5,656,680,680
At the beginning of the period	5,816,283,174

As at 30 June 2023, the Group had restricted intangible assets with a carrying amount of RMB4,243,262,617 (31 December 2022: RMB4,350,252,380). Please refer to Note V.9.

As at 30 June 2023 and 31 December 2022, there were no land parcels without title certificates.

For the six months ended 30 June 2023, amortisation of the Group's land use rights of RMB966,161 (six months ended 30 June 2022: RMB1,231,745) was included in construction in progress.

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2023

Unit: RMB

V. NOTES TO THE KEY COMPONENTS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Other non-current assets

	30 June 2023 (unaudited)	31 December 2022
Prepaid land premiums	16,225,803	15,000,398
Performance guarantee deposits	10,000,000	–
	26,225,803	15,000,398

On 8 December 2020, the Group won the tenders for the operation business of Tianfu Airport Expressway and Pujiang-Dujiangyan Section of Chengdu Economic Zone Ring Expressway ("Pudu Expressway"). On 30 December 2022, the Group renewed the operation business for a term until 31 December 2027. As required under the relevant contracts, in January 2023, the Group issued performance guarantees to Tianfu Airport Expressway and Pudu Expressway through China Merchants Bank Co., Ltd. Chengdu Sub-branch in a total amount of RMB10,000,000 with a valid period until 31 December 2027, which were included in other non-current assets (31 December 2022: performance guarantee deposits of RMB15,269,400, due within one year and was included in currency funds– other currency funds).

6. Accounts payable

The accounts payable are non-interest-bearing. An ageing analysis of accounts payable based on invoice dates is as follows:

	30 June 2023 (unaudited)	31 December 2022
Within 1 year	55,976,851	55,651,274
Over 1 year	602,191,075	655,146,482
	658,167,926	710,797,756

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2023

V. NOTES TO THE KEY COMPONENTS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Non-current liabilities due within one year

	30 June 2023 (unaudited)	31 December 2022
Long-term borrowings due within one year	208,500,000	199,400,000
Lease liabilities due within one year	7,284,676	8,127,249
Land occupation compensation due within one year	9,413,733	9,413,733
	225,198,409	216,940,982

8. Other current liabilities

	30 June 2023 (unaudited)	31 December 2022
Principal of debentures payable	300,000,000	300,000,000
Interest of debentures payable	2,991,781	4,188,082
Tax pending for written off	106,928	459,878
	303,098,709	304,647,960

On 27 May 2022, the Company issued ultra-short-term debentures with a nominal value of RMB100 and a term of 270 days through National Association of Financial Market Institutional Investors. The debentures shall accrue interest commencing from 31 May 2022 and pay interest on 25 February 2023. The debentures were issued in an aggregate amount of RMB300,000,000 and at a coupon rate of 2.37% with principal and interest to be repaid in one lump sum upon maturity. Chengdu Communications Investment provided irrevocable joint liability guarantees for the debentures at nil consideration. On 25 February 2023, the aforesaid ultra-short-term debentures have been repaid upon maturity.

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2023

Unit: RMB

V. NOTES TO THE KEY COMPONENTS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Other current liabilities (Continued)

On 17 February 2023, the Company issued ultra-short-term debentures with a nominal value of RMB100 and a term of 180 days through National Association of Financial Market Institutional Investors. The debentures shall accrue interest commencing from 21 February 2023 and pay interest on 20 August 2023. The debentures were issued in an aggregate amount of RMB300,000,000 and at a coupon rate of 2.80% with principal and interest to be repaid in one lump sum upon maturity. Chengdu Communications Investment provided irrevocable joint liability guarantees for the debentures at nil consideration.

9. Long-term borrowings

	Notes	30 June 2023 (unaudited)	31 December 2022
Pledged borrowings	1	2,151,000,000	2,195,400,000
Guaranteed borrowings		232,188,291	216,000,000
Unsecured borrowings	2	102,000,000	117,000,000
		2,485,188,291	2,528,400,000
Less: Long-term borrowings due within one year		208,500,000	199,400,000
		2,276,688,291	2,329,000,000

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2023

V. NOTES TO THE KEY COMPONENTS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Long-term borrowings (Continued)

An analysis of long-term borrowings based on maturity dates is as follows:

	30 June 2023 (unaudited)	31 December 2022
Due within 1 year (inclusive of 1 year)	208,500,000	199,400,000
Due within 2 years (inclusive of 2 years)	232,000,000	197,000,000
Due within 3 to 5 years (inclusive of 3 and 5 years)	659,500,000	703,000,000
Over 5 years	1,385,188,291	1,429,000,000
	2,485,188,291	2,528,400,000

As at 30 June 2023, the above borrowings carried an annual interest rate ranging from 3.08% to 4.21% (31 December 2022: 3.46% to 4.21%).

Note 1: The pledged borrowings are pledged by expressway toll collection rights detailed in Note V.4, of which bank borrowings of RMB1,613,000,000 (31 December 2022: RMB1,642,400,000) obtained by Chengming Expressway Company were guaranteed by Chengdu Communications Investment.

Note 2: As at 30 June 2023, unsecured borrowings of RMB102,000,000 (31 December 2022: RMB117,000,000) were guaranteed by Chengwenqiong Expressway Company and the Company.

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2023

Unit: RMB

V. NOTES TO THE KEY COMPONENTS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Other non-current liabilities

		30 June 2023 (unaudited)	31 December 2022
Borrowings from related parties	Note 1	—	85,000,431
Permanent land occupation compensation	Note 2	47,423,085	49,833,952
Advanced service area payment		41,606,265	42,077,371
Forward traffic volume compensation		9,708,738	9,708,738
Advanced rental		5,287,537	6,445,659
		104,025,625	193,066,151

Note 1: The borrowings obtained by Chengming Expressway Company from Chengdu Expressway Construction carried an annual interest rate of 4.75% and will mature in April 2024 with principal and interest to be repaid in one lump sum upon maturity. As at 30 June 2023, the principal and interest accrued on the borrowings totaled RMB86,079,568. As the borrowings will mature within one year, they were included in other payables (31 December 2022: RMB85,000,431 and was included in other non-current liabilities).

Note 2: Expressway companies under the Group receive lump-sum payment from third parties for occupation of the respective expressways, and the occupation period is the remaining toll term of such expressways.

11. Unappropriated profit

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Unappropriated profit at the end of the preceding year before adjustments	1,527,160,528	1,308,271,876
Adjustments	(14,295,245)	2,283,408
Unappropriated profit at the beginning of the current period after adjustments	1,512,865,283	1,310,555,284
Net profit attributable to shareholders of the Company	319,172,940	291,675,730
Less: Cash dividends payable	294,786,156	233,510,382
Unappropriated profit at the end of the period	1,537,252,067	1,368,720,632

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2023

V. NOTES TO THE KEY COMPONENTS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Unappropriated profit (Continued)

Pursuant to the resolution approved at the shareholders' general meeting on 12 May 2023, the Company would pay cash dividends of RMB0.178 per share to all the shareholders, totaling RMB294,786,156 based on the total share capital of the Company of 1,656,102,000. As of 30 June 2023, RMB286,669,268 out of the aforesaid cash dividends were yet to be paid.

On 29 August 2023, the board of directors of the Company did not recommend the payment of dividends for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

12. Revenue

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Revenue from principal business	1,359,641,431	1,345,337,970
Revenue from other business	38,067,530	28,433,340
	1,397,708,961	1,373,771,310

Revenue is presented as follows:

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Revenue from contracts with customers	1,378,451,983	1,368,250,365
Asset rental income	5,973,545	5,520,945
Traffic volume compensation for operation suspension at a toll station	13,283,433	—
	1,397,708,961	1,373,771,310

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2023

Unit: RMB

V. NOTES TO THE KEY COMPONENTS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Revenue (Continued)

Disaggregation of revenue from contracts with customers is as follows:

Six months ended 30 June 2023 (unaudited)

Reporting segment	Expressway segment	Energy segment	Total
Major revenue sources			
Toll income	708,105,985	–	708,105,985
Revenue from operation and management services	30,510,155	3,957,670	34,467,825
Revenue from maintenance services	4,240,400	–	4,240,400
Revenue from sales of refined oil	–	621,025,291	621,025,291
Revenue from convenience stores	–	6,783,597	6,783,597
Others	1,748,381	2,080,504	3,828,885
	744,604,921	633,847,062	1,378,451,983
Timing of revenue recognition			
At a point in time	712,361,765	628,042,461	1,340,404,226
Over time	32,243,156	5,804,601	38,047,757
	744,604,921	633,847,062	1,378,451,983

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2023

V. NOTES TO THE KEY COMPONENTS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Revenue (Continued)

Six months ended 30 June 2022 (unaudited)

Reporting segment	Expressway segment	Energy segment	Total
Major revenue sources			
Toll income	628,388,176	–	628,388,176
Revenue from operation and management services	28,251,280	1,265,294	29,516,574
Revenue from maintenance services	7,384,812	–	7,384,812
Revenue from sales of refined oil	–	688,698,514	688,698,514
Revenue from convenience stores	–	11,999,483	11,999,483
Others	1,767,146	495,660	2,262,806
	665,791,414	702,458,951	1,368,250,365
Timing of revenue recognition			
At a point in time	634,202,053	701,193,657	1,335,395,710
Over time	31,589,361	1,265,294	32,854,655
	665,791,414	702,458,951	1,368,250,365

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

Toll income

Performance obligations are satisfied when customers travel through the expressways. Toll income is recognised as the amount received or receivable from vehicles while travelling through.

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2023

Unit: RMB

V. NOTES TO THE KEY COMPONENTS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Revenue (Continued)

Revenue from sales of refined oil and convenience stores

Revenue is recognised at a point in time when the Group's performance obligations have been satisfied and the control of corresponding commodities has been transferred to customers.

Revenue from operation and management services

Performance obligations are satisfied within the period of providing operation and management services.

Revenue from maintenance services

Revenue from maintenance services is recognised after the performance obligations have been satisfied.

13. Income tax expenses

Set out below is a breakdown of income tax expenses:

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Current income tax expenses	74,251,338	51,324,074
Deferred income tax expenses	(2,443,355)	(640,855)
	71,807,983	50,683,219

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2023

V. NOTES TO THE KEY COMPONENTS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders of the Company by the number of ordinary shares in issue.

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Net profit attributable to shareholders of the Company	319,172,940	291,675,730
Number of ordinary shares in issue	1,656,102,000	1,656,102,000
Basic earnings per share	RMB0.19	RMB0.18

The Company did not have potentially dilutive ordinary shares and therefore diluted earnings per share equal to basic earnings per share.

15. Cash and cash equivalents

	30 June 2023 (unaudited)	30 June 2022 (unaudited)
Cash	1,472,708,931	1,621,761,185
Including: Cash on hand	—	24,725
Bank deposits on demand	1,471,066,647	1,620,085,213
Other currency funds on demand	1,642,284	1,651,247
Cash equivalents	704,670,000	308,000,000
Including: Time deposits with maturity within three months	704,670,000	248,000,000
Time deposits with maturity over three months	—	60,000,000
Balance of cash and cash equivalents at the end of the period	2,177,378,931	1,929,761,185
Less: Time deposits with maturity over three months	—	60,000,000
Balance of cash and cash equivalents at the end of the period in the consolidated statement of cash flows	2,177,378,931	1,869,761,185

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2023

Unit: RMB

VI. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

Details of the subsidiaries of the Company are as follows:

	Place of principal business/ registration	Nature of business	Registered capital	Proportion of shareholding (%)		Voting rights Proportion (%)	Remark
				Direct	Indirect		
Chengwenqiong Expressway Company	Chengdu	Management and operation of expressway	554,490,000	100.00	–	100.00	
Chengpeng Expressway Company	Chengdu	Management and operation of expressway	384,620,000	100.00	–	100.00	
Chengdu Airport Expressway Company	Chengdu	Management and operation of expressway	153,750,000	55.00	–	55.00	
Chengming Expressway Company	Chengdu	Management and operation of expressway	100,000,000	51.00	–	51.00	
Chengdu Expressway Zhenxing Development Co., Ltd. ("Zhenxing Company")	Chengdu	Management and operation of expressway service areas	100,000,000	80.00	–	80.00	
Operation Company	Chengdu	Expressway management	20,000,000	100.00	–	100.00	
Chengdu Energy Development Co., Ltd. ("Energy Development Company")	Chengdu	Petrol station operation and investment	676,000,000	94.49	–	94.49	Note 1
Chengdu Communications Investment Energy Development Co., Ltd. ("Communications Investment Energy")	Chengdu	Petrol station operation and investment	127,305,500	–	55.00	55.00	Note 1
Chengdu Zhongyou Energy Co., Ltd. ("Zhongyou Energy")	Chengdu	Petrol station operation and investment	437,335,000	–	51.00	51.00	Note 1
Chengdu Communications Investment Energy Operation and Management Co., Ltd. ("Energy Operation")	Chengdu	Petrol station operation and investment	20,000,000	–	100.00	100.00	Note 1

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2023

VI. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

Note 1: Equity interests in Communications Investment Energy, Zhongyou Energy and Energy Operation are held through Energy Development Company. Although the Group holds 48.19% equity interests in Zhongyou Energy, the Group is still able to exercise control over Zhongyou Energy through its control over Energy Development Company.

Energy Development Company is a joint stock company incorporated under the PRC laws with limited liability, and the other subsidiaries are limited liability companies registered and established according to PRC laws, and the places of registration and operation of all the subsidiaries are located in the PRC.

There is no inconsistency between the shareholding proportion and voting rights proportion in each subsidiary of the Company.

The consolidation scope of the consolidated financial statements is the same as that of the previous year.

2. Interests in joint ventures and associates

Major information of joint ventures and associates:

	Place of principal business/ registration	Nature of business	Registered capital	Proportion of shareholding held by the Group (%)	Proportion of voting rights held by the Group (%)
Joint ventures					
Sinopec Chengdu Energy	Chengdu	Management and operation of petrol stations	41,540,200	50.00	50.00
Chengdu Battery Services-Communications Investment Energy Technology Co., Ltd. ("Battery Services-Communications Investment") <i>Note 1</i>	Chengdu	Operation of new energy vehicle battery replacement facilities	30,000,000	48.00	48.00

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2023

Unit: RMB

VI. INTERESTS IN OTHER ENTITIES (Continued)

2. Interests in joint ventures and associates (Continued)

	Place of principal business/ registration	Nature of business	Registered capital	Proportion of shareholding held by the Group (%)	Proportion of voting rights held by the Group (%)
Associates					
Zhongyou Jieneng	Chengdu	Management and operation of gas stations	69,667,500	47.49	47.49
Chengbei Exit Expressway Company	Chengdu	Expressway management and operation	220,000,000	40.00	40.00
Chengdu Tongneng	Chengdu	Management and operation of gas stations	86,000,000	30.00	30.00
New Energy Company ^{Note 2}	Chengdu	Operation of electric vehicle charging facilities	117,647,059	51.00	51.00
Chengdu Jiuhe	Chengdu	Management and operation of petrol stations	13,000,000	43.00	43.00
Chengdu Jiaoyun CNG	Chengdu	Management and operation of gas stations	13,000,000	25.00	25.00
Chengdu Teld	Chengdu	Operation of electric vehicle charging facilities	200,000,000	16.00	16.00

Note 1: On 20 June 2023, Energy Development Company and Times Battery Services Technology Co., Ltd. (時代電服科技有限公司) ("Times Battery Services") jointly established Battery Services-Communications Investment, which is owned as to 52% and 48% by Times Battery Services and Energy Development Company, respectively. Pursuant to its articles of association, Battery Services-Communications Investment is jointly controlled by Energy Development Company and Times Battery Services, and therefore, Battery Services-Communications Investment is accounted for as a joint venture of the Group. As of 30 June 2023, Energy Development Company has not paid in the capital contribution.

Note 2: New Energy Company was established in August 2021, and was held as to 60% and 40% by Energy Development Company, a subsidiary of the Group and Sichuan Shudian Corporation (四川蜀電集團有限公司) ("Shudian Corporation") respectively. The Group and Shudian Corporation exercised joint control over New Energy Company, and New Energy Company was accounted for as a joint venture of the Group.

In July 2022, New Energy Company undertook a capital increase and introduced a new shareholder, Chengdu Bus Asset Management Co., Ltd. (成都公交資產經營管理有限公司) ("Chengdu Bus"), subsequent to which it is held by Energy Development Company, Shudian Corporation and Chengdu Bus as to 51%, 34% and 15%, respectively. New Energy Company amended its articles of association in December 2022. Management of the Group considers that as following the amendments to its articles of association, two parties, when acting in concert, are able to exercise control over New Energy Company. New Energy Company has been changed into an associate of the Group.

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2023

VII. SEGMENT REPORTING

Six months ended 30 June 2023 (unaudited)

	Expressway segment	Energy segment	Adjustment and eliminations	Total
Revenue from external customers	763,461,214	634,247,747	–	1,397,708,961
Inter-segment transaction revenue	534,303	–	(534,303)	–
Total profit	371,872,865	21,781,165	14,494,748	408,148,778
Income tax expenses	58,541,377	15,709,961	(2,443,355)	71,807,983

Six months ended 30 June 2022 (unaudited)

	Expressway segment	Energy segment	Adjustment and eliminations	Total
Revenue from external customers	671,085,367	702,685,943	–	1,373,771,310
Inter-segment transaction revenue	560,776	–	(560,776)	–
Total profit	299,802,223	52,489,159	21,460,965	373,752,347
Income tax expenses	49,822,383	1,501,691	(640,855)	50,683,219

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2023

Unit: RMB

VIII. FAIR VALUES

1. Assets measured at fair value

30 June 2023 (unaudited)

	Fair value measurement using			Total
	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Other non-current financial assets	–	–	85,699,000	85,699,000

31 December 2022

	Fair value measurement using			Total
	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Other non-current financial assets	–	–	81,290,000	81,290,000

2. Fair value assessment

The management has assessed that the fair values of currency funds, accounts receivable and accounts payable equal to their carrying amounts largely due to the short-term maturities of these instruments.

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2023

VIII. FAIR VALUES (Continued)

2. Fair value assessment (Continued)

The following is the carrying amount and fair value of financial instruments except for other current liabilities, lease liabilities and the financial instruments for which the difference between the carrying amount and fair value is immaterial:

	30 June 2023 (unaudited)		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Other non-current financial assets	85,699,000	85,699,000	81,290,000	81,290,000
Other non-current assets	10,000,000	10,000,000	—	—
	95,699,000	95,699,000	81,290,000	81,290,000
Financial liabilities				
Long-term borrowings	2,276,688,291	2,283,134,877	2,329,000,000	2,292,140,343
Other non-current liabilities	—	—	85,000,431	81,630,993
	2,276,688,291	2,283,134,877	2,414,000,431	2,373,771,336

The finance department of the Group is led by the chief financial officer and is responsible for formulating policies and procedures for measuring the fair values of financial instruments. On each balance sheet date, the financial department analyses the changes in the value of financial instruments and determines the main input applicable to valuation. The valuation is subject to review and approval by the chief accountant.

The fair value of financial assets and financial liabilities is determined based on the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction, other than in a forced or liquidation sale. The following methods and assumptions are used in estimating fair value.

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2023

Unit: RMB

VIII. FAIR VALUES (Continued)

2. Fair value assessment (Continued)

The fair values of the long-term borrowings and other non-current liabilities are determined using discount cash flows, at rates equal to market yield of other financial instruments with similar contract terms, credit risks and remaining term. As at 30 June 2023 and 31 December 2022, non-performance risks underlying long-term borrowings and other non-current liabilities were appraised as immaterial.

Investments in unlisted equity instruments are estimated at fair value using the market approach. The Group needs to determine comparable public companies based on industry, size, leverage and strategy, and calculates an appropriate market multiple, such as price to net assets ("P/B") multiple or price to earnings ("P/E") multiple, for each comparable public company identified. Adjustments are made based on company-specific facts and circumstances, taking into account factors such as liquidity and size differences between comparable public companies. The Group believes that the fair value estimated using valuation techniques and the movement is reasonable and the most appropriate value as of the balance sheet date.

3. Unobservable inputs

The significant unobservable inputs used by Level 3 fair value measurement are summarised below:

30 June 2023 (unaudited)

	Closing fair value	Valuation technique	Unobservable inputs	Range interval (weighted average)
Other non-current financial assets	7,500,000	Listed companies comparison method	Lack of liquidity discount	30%
Other non-current financial assets	78,199,000	Comparable transaction method	Selection of comparable company	N/A

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2023

VIII. FAIR VALUES (Continued)

3. Unobservable inputs (Continued)

31 December 2022

	Closing fair value	Valuation technique	Unobservable inputs	Range interval (weighted average)
Other non-current financial assets	6,900,000	Listed companies comparison method	Lack of liquidity discount	30%
Other non-current financial assets	74,390,000	Comparable transaction method	Selection of comparable company	N/A

4. Adjustment for fair value measurement

During the continuous Level 3 fair value measurement, information on gains or losses included in the profit or loss for the current period, is as follows:

	Profit or loss relating to financial assets	
	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Gains included in current profit or loss	4,409,000	6,039,300
Changes in the unrealised gain or loss for the current period from financial assets held at the end of the period	4,409,000	6,039,300

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2023

Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS

1. Parent company

Name of the parent company	Place of registration	Nature of business	Shareholding proportion in the Company	Voting rights proportion in the Company	Registered capital
Chengdu Expressway Construction	Chengdu	Investment in, construction, operation and management of transportation infrastructure	54.34%	54.34%	736,147,000

The indirect controlling shareholder of the Company is Chengdu Communications Investment Group Co., Ltd. (成都交通投資集團有限公司) ("Chengdu Communications Investment"), and the ultimate controller of the Company is the Chengdu SASAC.

2. Subsidiaries

Details of subsidiaries are set out in Note VI.1.

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2023

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS *(Continued)*

3. Joint ventures and associates

Details of joint ventures and associates are set out in Note VI.2 of the financial statements.

4. Other related parties

Name of related party	Related party relationship
PetroChina Company Limited ("PetroChina")	A non-controlling shareholder of a subsidiary
Yanchang Shell (Sichuan) Petroleum Co., Ltd. ("Yanchang Shell")	A non-controlling shareholder of a subsidiary
Chengdu Municipal Shiling Petrol Station ("Shiling Petrol Station")	Under common control of Chengdu Communications Investment
Chengdu Transportation Junction Construction Management Co., Ltd. ("Chengdu Transportation Junction")	Under common control of Chengdu Communications Investment
Chengdu Communications Assets Management Co., Ltd. ("Communications Assets Management")	Under common control of Chengdu Communications Investment
Chengdu Communications Information Port Co., Ltd. ("Information Port Company")	Under common control of Chengdu Communications Investment
Chengdu Communications Investment Shancheng Industrial Co., Ltd. ("Chengdu Shancheng Industrial")	Under common control of Chengdu Communications Investment
Chengdu Xinhua Petrol Station ("Xinhua Petrol Station")	Under common control of Chengdu Communications Investment
Chengdu Huamin Municipal Petrol Station ("Huamin Petrol Station")	Under common control of Chengdu Communications Investment
Chengdu Communications Planning Survey Design Research Institute Co. Ltd. ("Communications Survey Design Institute")	Under common control of Chengdu Communications Investment
Chengdu Communications Investment Intelligent Parking Industry Development Co., Ltd. ("Communications Investment Intelligent Parking")	Under common control of Chengdu Communications Investment
Chengdu Xingjin Intelligent Parking Lot Construction Development Co., Ltd. ("Xingjin Intelligent Parking Lot")	Under common control of Chengdu Communications Investment
Chengdu Communications Investment Construction Waste Recycling Industry Group Co., Ltd. ("Communications Investment Construction Industry")	Under common control of Chengdu Communications Investment

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2023

Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

4. Other related parties (Continued)

Name of related party	Related party relationship
Chengdu Shiyang Transportation Co., Ltd. ("Chengdu Shiyang Transportation")	Under common control of Chengdu Communications Investment
Chengdu Communications Intelligent Transportation Technology Service Co., Ltd. ("Communications Intelligent Transportation")	Under common control of Chengdu Communications Investment
Chengdu Communications Investment Construction Co., Ltd. ("Communications Investment Construction")	Under common control of Chengdu Communications Investment
Sichuan Chengmiancangba Expressway Co., Ltd. ("Chengmiancangba Expressway")	Under common control of Chengdu Communications Investment
Sichuan Zhengda Detection Technology Co., Ltd. ("Zhengda Detection")	Under common control of Chengdu Communications Investment
Chengdu Tianfu International Airport Construction Development Co., Ltd. ("Tianfu International Airport Construction")	Under common control of Chengdu Communications Investment
Chengdu Road and Bridge Management Co., Ltd. ("Chengdu Road & Bridge")	Under common control of Chengdu Expressway Construction
Jintai Property & Casualty Insurance Co., Ltd. ("Jintai Insurance")	Company in which related natural persons are directors and senior management

5. Major transactions between the Group and related parties

(1) Sale of commodities to related parties

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Shiling Petrol Station	26,473,329	—
Xinhua Petrol Station	23,798,071	9,007,610
Huamin Petrol Station	14,134,268	4,864,681
	64,405,668	13,872,291

The prices at which the Group sells commodities to related parties were negotiated based on market price.

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2023

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

5. Major transactions between the Group and related parties (Continued)

(2) Rendering of services to related parties

	Notes	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Chengdu Communications Investment	a	1,846,931	—
Shiling Petrol Station	b	1,629,055	—
Xinhua Petrol Station	b	1,465,814	734,413
Huamin Petrol Station	b	862,801	530,881
		5,804,601	1,265,294

- a: The management services fees charged by the Group to Chengdu Communications Investment were negotiated based on market price.
- b: The operation and management service fees charged by the Group to Xinhua Petrol Station, Huamin Petrol Station and Shiling Petrol Station were negotiated based on market price.

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2023

Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

5. Major transactions between the Group and related parties (Continued)

(3) Provision of leasing services to related parties

	Notes	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Chengdu Teld	b	34,349	–
Xingjin Intelligent Parking Lot	a	31,759	48,002
New Energy Company	b	5,476	–
Communications Investment Intelligent Parking	a	–	3,948
		71,584	51,950

a: Rental charged by the Group to Communications Investment Intelligent Parking and Xingjin Intelligent Parking Lot for leasing of properties was negotiated based on the market price for similar lease properties in similar locations.

b: Rental charged by the Group to New Energy Company and Chengdu Teld for leasing charging piles was based on market lease prices of similar charging piles.

(4) Purchase of commodities from related parties

	Notes	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
PetroChina	a	314,978,214	359,799,176
PetroChina	b	852,526	756,425
Yanchang Shell	c	97,470	230,566
		315,928,210	360,786,167

a: Prices paid by Zhongyou Energy and Energy Operation, subsidiaries of the Group, to PetroChina for purchase of oil products were negotiated based on market price.

b: The price at which the Group's vehicles consumed oil products at petrol stations of PetroChina was the then prevailing market price.

c: Prices paid by Communications Investment Energy, a subsidiary of the Group, to Yanchang Shell for purchase of non-oil products were negotiated based on market price.

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2023

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

5. Major transactions between the Group and related parties (Continued)

(5) Related party guarantees

Acceptance of guarantees provided by a related party

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Chengdu Communications Investment	1,915,991,781	1,943,003,863

As at 30 June 2023, bank borrowings of the Group of RMB1,613,000,000 (30 June 2022: RMB1,642,400,000) were guaranteed by Chengdu Communications Investment at nil consideration. For details, please refer to Note V.9.

As at 30 June 2023, the ultra-short-term debentures issued by the Group with a principal amount of RMB300,000,000 and interest accrued thereon of RMB2,991,781 (30 June 2022: principal amount of RMB300,000,000 and interest of RMB603,863) were guaranteed by Chengdu Communications Investment at nil consideration. For details, please refer to Note V.8.

(6) Interest expense paid to related parties

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Chengdu Communications Investment	–	681,417
Chengdu Expressway Construction	1,079,137	1,079,137
	1,079,137	1,760,554

The interest rates charged by Chengdu Communications Investment and Chengdu Expressway Construction on borrowings were determined based on the market interest rate of similar borrowings.

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2023

Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

5. Major transactions between the Group and related parties (Continued)

(7) Interest income received from a related party

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Chengdu Jiuhe	—	48,704

(8) Acquisition of equity interests from a related party

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Chengdu Shancheng Industrial	—	60,902,400

The Group acquired the 16% equity interests held by Chengdu Shancheng Industrial in Chengdu Teld based on the valuation conducted by independent valuers on the equity interests of Chengdu Teld. The transaction was completed in January 2022.

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2023

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

5. Major transactions between the Group and related parties (Continued)

(9) Acceptance of property leasing services from related parties

Leased assets		Rental expenses for short-term lease and low-value asset leases under simplified approach	Variable lease payments that are not included in the measurement of the lease liabilities	Rental paid	Interest expense on lease liabilities	Increase/ (decrease) in right-of-use assets
Six months ended 30 June 2023 (unaudited)						
Chengdu Transportation Junction	Office premises leasing	138,648	–	2,863,716	357,986	1,412,206
Chengdu Shiyang Transportation	Premises leasing	–	–	48,000	7,346	351,954
Total		138,648	–	2,911,716	365,332	1,764,160
Six months ended 30 June 2022 (unaudited)						
Chengdu Transportation Junction	Office premises leasing	138,648	–	1,665,811	245,051	(156,566)

The rental charged by Chengdu Transportation Junction and Chengdu Shiyang Transportation to the Group for leasing of the office premises was determined based on the market price of similar office premises in similar locations.

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2023

Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

5. Major transactions between the Group and related parties (Continued)

(9) Acceptance of property leasing services from related parties (continued)

a) Acceptance of property management and other services provided by related parties

	Notes	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Communications Assets Management	a	1,369,947	1,661,734
Jintai Insurance	c	515,086	512,651
Zhengda Detection	d	243,860	–
Chengdu Transportation Junction	a	188,999	230,231
Communications Survey Design Institute	b	66,559	1,274,022
Tianfu International Airport Construction	e	23,820	–
Information Port Company	e	3,679	–
		2,411,950	3,678,638

a: Property management and other general service fees paid by the Group to Communications Assets Management and Chengdu Transportation Junction were based on the market price of services in similar locations.

b: The design service fees paid by the Group to Communications Survey Design Institute were determined based on market price.

c: The vehicle insurance premiums paid by the Group to Jintai Insurance were determined based on market price.

d: The detection fees paid by the Group to Zhengda Detection were determined based on market price.

e: The service fees paid by the Group to Tianfu International Airport Construction and Information Port Company were determined based on market price.

(10) Other related parties transactions

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Remuneration of key management members	3,286,967	3,882,821

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2023

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

5. Major transactions between the Group and related parties (Continued)

(11) Third-party payment of salaries and 5 insurance premiums and 2 contributions

Payment of salaries and 5 insurance premiums and 2 contributions by related parties

	Notes	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
PetroChina	a	1,716,409	1,975,194
Yanchang Shell	a	36,000	18,000
		1,752,409	1,993,194

Payment of salaries and 5 insurance premiums and 2 contributions for related parties

	Notes	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Chengdu Tongneng	a	228,887	304,108
Chengmiancangba Expressway	b	226,126	–
New Energy Company	a	205,976	1,694
Sinopec Chengdu Energy	a	166,559	146,228
Chengdu Teld	a	158,729	–
Chengdu Jiaoyun CNG	a	67,171	–
Zhengda Detection	b	–	147,823
Communications Investment Construction Industry	b	–	63,503
		1,053,448	663,356

a: The Group dispatches labour to associates and joint ventures, and at the same time, Zhongyou Energy and Communications Investment Energy, subsidiaries of the Group, also accepts labour dispatched by PetroChina and Yanchang Shell, their respective non-controlling shareholders. The salary of the dispatched labour shall be borne by the service recipients. As external labourers enter into contracts with the enterprises dispatching them, their salaries and 5 insurance premiums and 2 contributions shall be paid by the service recipients to the dispatching enterprises, who will then pay such amounts to or on behalf of employees.

b: The Group receives and pays salaries and 5 insurance premiums and 2 contributions for and on behalf of enterprises under common control of Chengdu Communications Investment.

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2023

Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

5. Major transactions between the Group and related parties (Continued)

(12) Settlement by refill cards and electronic coupons

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
PetroChina	127,624,994	176,574,819

The Group sells oil products to customers and accepts payment by refill cards and electronic coupons issued by PetroChina, and will settle the amount deducted from refill cards and electronic coupons with PetroChina after payment by customers. The parties do not receive or pay any consideration for the settlement.

(13) Settlement of debt by a related party on behalf of the debtor

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Chengdu Communications Investment	20,212,527	—

Chengdu Tianfu International Airport Construction Development Co., Ltd. ("Tianfu International Airport Construction") is the agent project owner for construction of the Jinjianren Freeway (phase II) project on behalf of Chengdu Communications Investment, the project owner, and is responsible for management of the contractor, Guocheng Group Co., Ltd. ("Guocheng Group"), updating Chengdu Communications Investment, the project owner, on project progress and coordinating the payment of construction amounts. In 2021, Energy Operation, Guocheng Group and Tianfu International Airport Construction entered into an agreement, pursuant to which, Guocheng Group would procure asphalt from Energy Operation commencing from 2021, and if Guocheng Group fails to pay transaction amounts to Energy Operation in a timely manner, Energy Operation shall have the right to ask Tianfu International Airport Construction to assist in applying to Chengdu Communications Investment, the project owner, to deduct the amount equivalent to the transaction amounts from the construction payments due to Guocheng Group, and pay the same directly to Energy Operation. In 2023, as Guocheng Group did not pay the transaction amounts to Energy Operation in a timely manner, Energy Operation, with the assistance of Tianfu International Airport Construction, filed an application to Chengdu Communications Investment, and Chengdu Communications Investment paid RMB20,212,527 to Energy Operation.

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2023

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

6. Balance of amounts receivable from and payable to related parties

(1) Accounts receivable

	30 June 2023 (unaudited)	31 December 2022
Shiling Petrol Station	963,655	854,654
Xinhua Petrol Station	653,251	861,737
Huamin Petrol Station	481,353	513,403
	2,098,259	2,229,794
Less: Provision for bad debt of accounts receivable	—	—
	2,098,259	2,229,794

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2023

Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

6. Balance of amounts receivable from and payable to related parties (Continued)

(2) Other receivables

	30 June 2023 (unaudited)	31 December 2022
Shiling Petrol Station	1,019,983	695,981
Xinhua Petrol Station	888,598	745,804
Huamin Petrol Station	525,838	456,387
Chengdu Teld	433,261	274,532
Communications Assets Management	351,170	351,170
Chengdu Communications Investment	307,822	–
Zhongyou Jieneng	198,038	36,758
Chengdu Transportation Junction	137,754	137,754
Chengdu Shiyang Transportation	65,000	–
Yanchang Shell	18,000	–
Sinopec Chengdu Energy	17,886	–
Chengdu Jiaoyun CNG	7,229	–
New Energy Company	5,809	9,251
	3,976,388	2,707,637
Less: Provision for bad debt of other receivables	–	–
	3,976,388	2,707,637

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2023

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

6. Balance of amounts receivable from and payable to related parties (Continued)

(3) Other payables

	30 June 2023 (unaudited)	31 December 2022
Chengdu Expressway Construction	86,079,568	–
Chengdu Communications Investment	7,384,000	4,922,667
Chengdu Transportation Junction	1,099,477	–
Communications Survey Design Institute	409,500	369,500
Information Port Company	382,202	782,202
PetroChina	236,513	236,513
Chengdu Tongneng	84,044	–
Zhengda Detection	50,000	50,000
Chengdu Road & Bridge	41,560	41,560
New Energy Company	23,256	–
Yanchang Shell	4,460	–
Communications Assets Management	–	102,485
Xingjin Intelligent Parking Lot	–	10,000
	95,794,580	6,514,927

(4) Contract liabilities

	30 June 2023 (unaudited)	31 December 2022
Chengdu Communications Investment	–	1,539,109

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2023

Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

6. Balance of amounts receivable from and payable to related parties (Continued)

(5) Prepayments

	30 June 2023 (unaudited)	31 December 2022
PetroChina	41,536,512	53,370,324
Yanchang Shell	131,597	203,500
Communications Assets Management	103,520	190,304
	41,771,629	53,764,128

(6) Accounts payable

	30 June 2023 (unaudited)	31 December 2022
Chengdu Transportation Junction	2,081,136	3,507,300
Information Port Company	1,982,002	4,133,105
Zhengda Detection	655,485	1,494,104
Communications Assets Management	323,445	101,047
Communications Investment Construction	229,383	1,351,900
Communications Survey Design Institute	193,249	371,366
Yanchang Shell	69,859	—
Communications Intelligent Transportation	45,000	45,000
	5,579,559	11,003,822

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2023

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

6. Balance of amounts receivable from and payable to related parties (Continued)

(7) Other non-current liabilities

	30 June 2023 (unaudited)	31 December 2022
Chengdu Expressway Construction	–	85,000,431

(8) Lease liabilities

	30 June 2023 (unaudited)	31 December 2022
Chengdu Transportation Junction	4,493,956	6,267,414
Chengdu Shiyang Transportation	82,296	–
	4,576,252	6,267,414

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2023

Unit: RMB

X. CONTINGENT LIABILITIES

Lawsuit between Energy Development Company and Huaguan Industrial

On 14 August 2014, Energy Development Company issued the “Letter of Undertakings on Solving Issues concerning Project Lands of Communications Investment Energy” (the “Letter of Undertakings”) to Huaguan Industrial, the then non-controlling shareholder of Communications Investment Energy. Pursuant to the Letter of Undertakings, Energy Development Company was going through land procedures for one petrol station (No. 3 station), and land construction procedures for one petrol station and one gas station through swap. Following issuance of the Letter of Undertakings, despite several rounds of resolution between the parties, the land procedures for the petrol stations and gas station failed to be completed. Based on the above situation, Huaguan Industrial filed a lawsuit against Energy Development Company to Chengdu Intermediate People’s Court in 2021, demanding Energy Development Company to 1) complete the land construction procedures for No. 3 station and help Communications Investment Energy to complete the state-owned land procedures; 2) identify lands for construction of one petrol station and one gas station within the administrative jurisdiction of Chengdu, and help Communications Investment Energy to complete the state-owned land procedures of the petrol station; and 3) compensate Huaguan Industrial for economic loss of RMB36,876,367.

On 11 August 2022, Chengdu Intermediate People’s Court awarded a first-instance judgment, pursuant to which Energy Development Company shall not assume liability for compensation. Huaguan Industry appealed the first-instance judgement to the High People’s Court of Sichuan Province which heard the case on 21 November 2022, and issued a civil ruling on 15 February 2023, pursuant to which the High People’s Court of Sichuan Province considered that Energy Development Company and Huaguan Industrial constituted contractual relationship of rights and obligations, and the original judgment made a mistake in determining whether the contract has been established. Accordingly, the High People’s Court of Sichuan Province revoked the judgment awarded by Chengdu Intermediate People’s Court in August 2022, and remanded the case to Chengdu Intermediate People’s Court for retrial. As the first and second claims of Huaguan Industrial are in substance unfulfillable, Huaguan Industrial thus changed its claims to the followings in April 2023: 1) demand the court to terminate the contractual relationship of rights and obligations between Huaguan Industrial and Energy Development Company; 2) demand Energy Development Company to compensate Huaguan Industrial economic loss of RMB65,039,200; and 3) demand Energy Development Company to bear in full the litigation fee incurred in the case. Based on the advice of the legal advisor, the management maintained the view that the Letter of Undertakings only represents the undertakings on contemplated arrangements issued by Energy Development Company, as a shareholder of Communications Investment Energy, to facilitate Communications Investment Energy in addressing issues, and does not constitute any undertaking on fulfilling any obligations. Even though the court ruled that contractual relationship has been established between Energy Development Company and Huaguan Industrial, Energy Development Company is only obliged to assisting in selection of land parcels and liaison with the government authorities. Besides, there was no default on the side of Energy Development Company as the failure in construction of petrol stations was attributable to policy requirements which constituted force majeure rather than non-performance by Energy Development Company, and Energy Development Company therefore shall not be held accountable. In view of the above, the Group did not make provision for estimated liabilities in this regard.

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2023

X. CONTINGENT LIABILITIES (Continued)

Lawsuit between Chengming Expressway Company and Xuyang Petrification

On 20 May 2022, Chengming Expressway Company initiated a lawsuit against Sichuan Xuyang Petrification Trading Co., Ltd. (四川省旭陽石化貿易有限公司) ("Xuyang Petrification"), the defendant, in the Jianyang People's Court, applying to legally invalidate the transfer (lease) agreements (the "Agreements") entered into between the parties on 27 December 2012 and 26 July 2014, respectively, in relation to the extended 12-year land use rights following the change of nature of land use rights of two pairs and a total of four petrol and gas stations in Qionglai and Mingshan service areas along the Qionglai – Mingshan Expressway alongside National Highway 318, and the construction and operation right of Pingle service area (including the petrol and gas stations), and demanding Xuyang Petrification to return Pingle service area to Chengming Expressway Company in status quo.

Pursuant to the Agreements, amounts incurred from the change of nature of land use rights of two pairs and a total of four petrol and gas stations in Qionglai and Mingshan service areas, change of nature of land use rights of the petrol stations and gas stations in Pingle service area and construction of Pingle service area shall be paid by Xuyang Petrification. As of 31 December 2022, Xuyang Petrification had paid Chengming Expressway Company RMB6,833,248 for change of nature of land use rights, and partially completed the construction of the petrol stations in Pingle service area, which, however, did not commence commercial operation. Xuyang Petrification failed to pay Chengming Expressway Company any amount for transfer (lease) of construction and operation right as agreed in the Agreements. Chengming Expressway Company recognised the amount paid by Xuyang Petrification for change of nature of land use rights in other payables.

On 26 July 2022, Chengming Expressway Company received the counterclaim filed by Xuyang Petrification, claiming that the demand raised by Chengming Expressway Company to invalidate the Agreements has in effect rendered the fulfillment of the Agreements unrealistic, and requesting Chengming Expressway Company to compensate economic loss thus incurred to Xuyang Petrification in a total amount of RMB28,162,100.

On 20 April 2023, Xuyang Petrification modified its claims, and demanded the court to rule Chengming Expressway Company to 1) refund the land transfer consideration and tax payment of RMB6,249,506, as well as interest accrued on the occupied funds to Xuyang Petrification; and 2) compensate Xuyang Petrification for loss equivalent to the expected income from petrol stations in Pingle service area of RMB4,282,800, loss on construction expenditure of RMB2,966,700 and loss on value of land use right of the construction land of RMB6,261,200, totaling RMB13,510,700.

On 13 June 2023, the Jianyang People's Court awarded the judgement, pursuant to which, 1) Chengming Expressway Company and Xuyang Petrification shall rescind the Agreements, and Xuyang Petrification shall return Pingle service area to Chengming Expressway Company in its existing status; 2) Xuyang Petrification shall pay Chengming Expressway Company loss of interest accrued on occupied funds of RMB2,082,066; and 3) Chengming Expressway Company shall pay Xuyang Petrification land transfer consideration of RMB6,820,868 and interest accrued on such funds of RMB2,601,692, construction expenditure of RMB2,966,700 and loss equivalent to expected income of RMB4,282,800, totaling RMB16,672,060.

Chengming Expressway Company and Xuyang Petrification appealed to Chengdu Intermediate People's Court on 3 July 2023. As of the approval date of this report, no judgement has been awarded by Chengdu Intermediate People's Court. Given that RMB6,833,248 has been included in other payables, the management recognised the estimated liabilities arising from the lawsuit between Chengming Expressway Company and Xuyang Petrification at an amount of RMB7,756,746 based on the judgement.

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2023

Unit: RMB

XI. COMMITMENTS

	30 June 2023 (unaudited)	31 December 2022
Contracted but not provided for		
Capital commitments	15,961,838	117,036,638
Investment commitments	144,000,000	—
	159,961,838	—

XII. EVENTS AFTER THE BALANCE SHEET DATE

As of the date of approval of these financial statements, there were no material events subject to disclosure subsequent to the balance sheet date.

XIII. OTHER EVENTS

Corrections to Previous Accounting Errors

In December 2019, the Company acquired the 51% equity interests in Chengming Expressway Company from Chengdu Expressway Construction, the parent company of the Company, at a consideration of RMB485,142,600. The 100% equity interests in Chengming Expressway Company were acquired by Chengdu Expressway Construction from an independent third party at a consideration of RMB842,700,000 in May 2019. At the time of the transaction, given that 1) parties to the acquisition were under common control of Chengdu Expressway Construction before and after the acquisition; 2) Chengdu Expressway Construction transferred the control over Chengming Expressway Company to the Company for business synergy with the Company's expressway business; and 3) Chengdu Expressway Construction has the intention to exercise long-term control over the Company and Chengming Expressway Company, the Company recorded the transaction as business combination under common control, and included Chengming Expressway Company into the scope of consolidation from the point of completion of acquisition.

In the process of applying for A-share listing on the main board of the Shanghai Stock Exchange, the Company revisited and reassessed the transaction according to the business combination under common control accounting. On 27 July 2023, upon approval by the board of directors of the Company, the Company recorded the transaction according to accounting principles of business combination not under common control, and made corresponding adjustments pursuant to the impairment testing results of goodwill and long-term equity investments as at the end of each reporting period.

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2023

XIII. OTHER EVENTS (Continued)

Corrections to Previous Accounting Errors (Continued)

The above matter had the following material impacts on the financial statements:

The Group

	Before corrections to previous accounting errors 1 January 2023/ 31 December 2022	Corrections to previous accounting errors Business combination not under common control	After corrections to previous accounting errors 1 January 2023/ 31 December 2022
Goodwill	34,025,910	41,624,710	75,650,620
Capital reserves	516,284,901	55,365,600	571,650,501
Unappropriated profit	1,527,160,528	(14,295,245)	1,512,865,283
Non-controlling interests	934,324,041	554,355	934,878,396

	Before corrections to previous accounting errors 1 January 2022/ 31 December 2021	Corrections to previous accounting errors Business combination not under common control	After corrections to previous accounting errors 1 January 2022/ 31 December 2021
Goodwill	34,025,910	58,203,363	92,229,273
Capital reserves	504,353,491	55,365,600	559,719,091
Unappropriated profit	1,308,271,876	2,283,408	1,310,555,284
Non-controlling interests	903,908,398	554,355	904,462,753

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2023

Unit: RMB

XIII. OTHER EVENTS (Continued)

Corrections to Previous Accounting Errors (Continued)

The Company

	Before corrections to previous accounting errors 1 January 2023/ 31 December 2022	Corrections to previous accounting errors Business combination not under common control	After corrections to previous accounting errors 1 January 2023/ 31 December 2022
Long-term equity investments	2,919,082,148	42,388,499	2,961,470,647
Capital reserves	670,065,375	58,967,152	729,032,527
Unappropriated profit	1,163,061,424	(16,578,653)	1,146,482,771

	Before corrections to previous accounting errors 1 January 2022/ 31 December 2021	Corrections to previous accounting errors Business combination not under common control	After corrections to previous accounting errors 1 January 2022/ 31 December 2021
Long-term equity investments	2,864,369,288	58,967,152	2,923,336,440
Capital reserves	670,065,375	58,967,152	729,032,527

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Yang Tan
(Chairman of the Board and General Manager)
Mr. Ding Dapan

Non-executive Directors

Ms. Wu Haiyan
Mr. Yang Bin

Independent non-executive Directors

Mr. Leung Chi Hang Benson
Mr. Qian Yongjiu
Mr. Wang Peng

JOINT COMPANY SECRETARIES

Mr. Zhang Guangwen
Ms. Kwong Yin Ping, Yvonne

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Leung Chi Hang Benson (Chairman)
Mr. Yang Bin
Mr. Wang Peng

NOMINATION COMMITTEE

Mr. Qian Yongjiu (Chairman)
Mr. Yang Tan
Mr. Wang Peng

REMUNERATION AND EVALUATION COMMITTEE

Mr. Wang Peng (Chairman)
Ms. Wu Haiyan
Mr. Qian Yongjiu

STRATEGY AND DEVELOPMENT COMMITTEE

Mr. Yang Tan (Chairman)
Mr. Leung Chi Hang Benson
Mr. Qian Yongjiu

SUPERVISORY COMMITTEE

Ms. Jiang Yan (Chairlady of the Supervisory Committee)
Mr. Zhang Chengyi
Mr. Zhang Yi
Ms. Xu Jingxian (employee representative Supervisor)
Mr. Chen Yong (employee representative Supervisor)

AUTHORISED REPRESENTATIVES

Mr. Yang Tan
Mr. Zhang Guangwen

AUDITOR

Ernst & Young Hua Ming LLP
Recognised Public Interest Entity Auditor

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)

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CORPORATE INFORMATION

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Industrial and Commercial Bank
Chengdu Jinniu Sub-Branch

Industrial and Commercial Bank
Chengdu Binjiang Sub-branch

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Stock Code: 1785

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