



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



20
22

INTERIM REPORT



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DEFINITIONS

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

“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors of the Company
“CCB Gold Investment”	CCB Gold Investment (Chengdu) Equity Investment Fund Partnership (Limited Partnership) (建信金投(成都)股權投資基金合夥企業(有限合夥)), a limited partnership incorporated in the PRC which holds 18.49% equity interests in Chengdu Expressway Construction
“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
“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” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“MOT”	Ministry of Transport of the People’s Republic of China
“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 a joint venture of Energy Development Company with 60% of its equity interest held by Energy Development Company
“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

DEFINITIONS

“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 2022 interim report of the Company was approved by the Board, being 25 August 2022
“Reporting Period”	six-month period ended 30 June 2022
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the share(s) of the Company, including Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s) of the Company
“Sinopec Chengdu Energy”	Sinopec Chengdu Energy Co., Ltd. (中石化成都能源有限公司), a company incorporated in the PRC with limited liability and a joint venture company with 50% of its equity interest held by Energy Development Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Tongneng Jinfu”	Chengdu Tongneng Jinfu Natural Gas Co., Ltd. (成都通能金府天然氣有限公司), a company incorporated in the PRC with limited liability and a 100%-owned subsidiary of Chengdu Tongneng
“Zhengtongdaoqiao”	Pengzhou Zhengtongdaoqiao Construction Company Limited (彭州市正通道橋建設有限責任公司)
“Zhenxing Company”	Chengdu Expressway Zhenxing Development Co., Ltd. (成都高速振興發展有限責任公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company with 80% of its equity interests held by the Company

DEFINITIONS

“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, Qiongming 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, Qiongming Expressway and Chengdu Airport Expressway, and held 40% equity interests in Chengbei Exit Expressway, covering a total network mileage of 202.37 kilometres (including mileage of Chengbei Exit Expressway). In addition, in December 2020, the Company won the tenders for 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 392.04 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 have secured remarkable performance in maintenance, safety and quality service. The Company, some of its subsidiaries and service teams obtained the honorary titles such as the safety production standardisation construction certification of transportation enterprises (Grade II), the Expressway with Good Service, Environment, Security, Maintenance and Operation of Sichuan Province (四川省“五好”高速公路) and the Most Beautiful Chinese Road Collector Team (最美中國路姐團隊).

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, the Group had a total of 23 petrol stations and 4 gas stations (4 gas stations did not commence operation during the Reporting Period) located in and around Chengdu of Sichuan Province.

As at the end of the Reporting Period, total assets of the Group reached approximately RMB9.21 billion.

GROUP PROFILE

OVERVIEW OF THE “EXPRESSWAY” SEGMENT

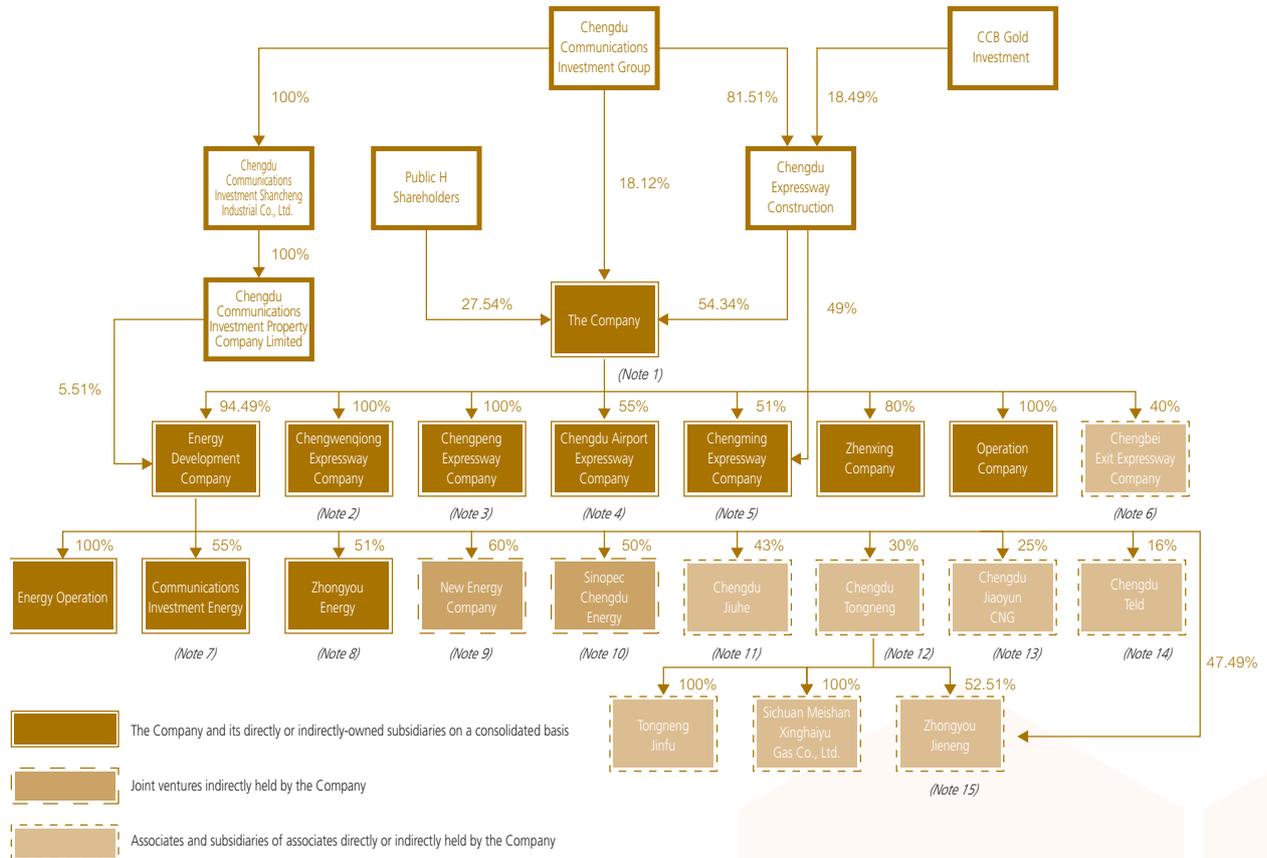
- Chengguan Expressway is a major part of the G4217 national expressway and a key section connecting Sichuan Province with Gansu Province, Qinghai Province and Tibet. It is also the main road to access Dujiangyan, a historic city, Qingcheng Mountain, Jiuzhai Valley, Huanglong and other tourist attractions 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.
- Qiongming Expressway is a major part of the S8 provincial expressway and an extension of Chengwenqiong Expressway. It connects to Yunnan Province via Chengya Expressway (成雅高速公路) – Yaxi Expressway (雅西高速公路) – Xipan Expressway (西攀高速公路) and to the Tibetan region via Chengya Expressway (成雅高速公路) – Yakang Expressway (雅康高速公路) – G318 national expressway.
- Chengbei Exit Expressway forms part of the G5 Beijing-Kunming national expressway and is an important expressway connecting downtown Chengdu with Chengmian Expressway (成綿高速) and Chengdu Ring Expressway (成都繞城高速).

OVERVIEW OF THE “ENERGY” SEGMENT

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 9 joint ventures and associates, including Sinopec Chengdu Energy (a joint venture) and Chengdu Tongneng (an associate) 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 Date
Chengguan Expressway	100%	40.44	6	7	July 2000	July 2030
Chengwenqiong Expressway	100%	65.60	6/4	12	January 2005	January 2035
Chengpeng Expressway	100%	21.32	6/8	4	November 2004	October 2033
Chengdu Airport Expressway	55%	11.98	4	1	July 1999	December 2024
Qiongming Expressway	51%	52.68	4	5	November 2010	November 2038
Chengbei Exit Expressway	40%	10.35	6	1	December 1998	June 2024

GROUP STRUCTURE

The table below sets forth certain operation information of subsidiaries, joint ventures, associates and subsidiaries of associates of Energy Development Company as at the Reporting Date:

Company Name	Date of Incorporation	Principal Business	Number of Stations (in Operation)/Charging Piles (Installed)
Zhongyou Energy	19 June 2009	Operation of refined oil	17 petrol stations
Communications Investment Energy	15 November 2010	Operation of refined oil	5 petrol stations
Energy Operation	18 December 2020	Operation of refined oil	1 petrol station
Sinopec Chengdu Energy	25 December 2012	Operation of refined oil and Natural Gas	1 petrol station and 1 gas station
Chengdu Jiuhe	24 November 2010	Operation of refined oil	1 petrol station
Chengdu Tongneng	12 January 2009	Operation of Natural Gas	14 gas stations
Chengdu Jiaoyun CNG	26 December 2000	Operation of Natural Gas	1 gas station
Zhongyou Jieneng	14 September 2006	Operation of Natural Gas	6 gas stations
Tongneng Jinfu	30 November 2000	Operation of Natural Gas	1 gas station
New Energy Company	25 October 2021	Operation of new energy electric vehicle charging facilities	124 charging piles

Notes:

As of the Reporting Date:

1. The Company holds 100% equity interests in Chengguan Expressway.
2. The Company holds 100% equity interests in Chengwenqiong Expressway through Chengwenqiong Expressway Company.
3. The Company holds 100% equity interests in Chengpeng Expressway through Chengpeng Expressway Company.
4. The Company holds 55% equity interests in Chengdu Airport Expressway through Chengdu Airport Expressway Company and its remaining 45% equity 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% equity interests in Qiongmeng Expressway through Chengming Expressway Company and its remaining 49% equity interests are held by Chengdu Expressway Construction.
6. The Company holds 40% equity interests in Chengbei Exit Expressway through Chengbei Exit Expressway Company, an associate, and its remaining 60% equity 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 60% by Energy Development Company, and its remaining 40% equity interests are held by Sichuan Shudian Corporation (四川蜀電集團有限公司).
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. 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).
12. 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.
13. 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.
14. 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.
15. 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 THE ULTRA-SHORT-TERM DEBENTURES

On 31 May 2022, the Company successfully issued the 2022 first tranche of ultra-short-term debentures in an amount of RMB300 million, for a term of 270 days and at a coupon rate of 2.37%, which demonstrated the recognition of the Company among investors, strengthened the Company's confidence in adopting further direct fund-raising approaches, and marked a milestone for the Company in the debt financing field. For details, please refer to the announcement of the Company dated 31 May 2022.

CAPITAL INCREASE IN HUITONG FINANCIAL LEASING

On 21 June 2022, the Company and Chengdu Communications Investment, Shandong Publishing Group Co., Ltd. (山東出版集團有限公司), Inspur Group Co., Ltd. (浪潮集團有限公司) and Shandong Airport Management Group Co., Ltd. (山東省機場管理集團有限公司), and Shandong Huitong Financial Leasing Co., Ltd. (山東匯通金融租賃有限公司) ("Huitong Financial Leasing") entered into the capital increase agreement, pursuant to which, the Company agreed to make cash contribution of RMB70 million to Huitong Financial Leasing. Upon completion of the capital increase, the Company will hold 1.6% equity interests in Huitong Financial Leasing. The capital increase will strengthen the business collaboration with Huitong Financial Leasing, diversify the Company's financing channels and meet certain capital requirements for development of the Company. For details, please refer to the announcement of the Company dated 21 June 2022.

REVIEW AND OUTLOOK

BUSINESS REVIEW

The complicated and harsh international environment and persistent rage of the domestic COVID-19 pandemic (the “COVID-19”) since the beginning of 2022 took a heavy toll on economic development. 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 2022, Chengdu achieved a 3.0% year-on-year increase in GDP growth, exceeding that of the national average by 0.5 percentage points and Sichuan by 0.2 percentage points, suggesting overall steady and sound economic momentum in the first half of the year. With respect to the transportation industry, the COVID-19 spreading across regions dealt a significant blow to the transportation and other service sectors with its far-reaching and prolonged impacts. Meanwhile, given the constant rise in international crude oil price and increase in the cost of energy industry due to the Russo-Ukrainian tension, the Group recorded a decrease in operating results as compared with the corresponding period of last year. During the Reporting Period, the Group realised revenue of RMB1,373,771,310 (corresponding period of 2021: RMB1,339,770,469), representing a year-on-year increase of 2.5%, of which revenue from the expressway segment reached RMB671,085,367 (corresponding period of 2021: RMB723,379,235), representing a year-on-year decrease of 7.2%, and revenue from the energy segment reached RMB702,685,943 (corresponding period of 2021: RMB616,391,234), representing a year-on-year increase of 14.0%; and achieved net profit attributable to the Shareholders of the Company of RMB291,675,730 (corresponding period of 2021: RMB320,866,053), representing a year-on-year decrease of 9.1%.

During the Reporting Period, the daily weighted average traffic volume of the expressways of the Group reached 190,963 (corresponding period of 2021: 214,514), representing a year-on-year decrease of 11.0%; and toll income of Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Chengdu Airport Expressway and Qiongming Expressway amounted to RMB172,486,593, RMB128,831,427, RMB194,879,828, RMB45,673,575 and RMB86,516,753, respectively, representing an increase of 8.7%, a decrease of 6.6%, a decrease of 11.6%, a decrease of 37.2% and a decrease of 10.2% from the corresponding period of last year. The decline in toll income from the corresponding period of 2021 was primarily attributable to a significant decrease in traffic volume as a result of restriction policies imposed on transportation and social mobility in response to the COVID-19 in Chengdu and several other provinces and cities in China, and relocation of flights away from Chengdu Shuangliu International Airport.

During the Reporting Period, given the noticeable divergence between oil demand and supply, and high and volatile oil and gas prices in the international market, domestic oil prices continued to surge, coupled with the impact of the COVID-19, dampening people’s driving willingness. However, the Group adopted multiple approaches to attract customer traffic and increase sales volume of refined oil, and meanwhile remained committed to lean management for cost reduction and efficiency improvement. During the Reporting Period, revenue from sales of refined oil reached RMB688,698,514 (corresponding period of 2021: RMB560,165,983), representing a year-on-year increase of 22.9%.

REVIEW AND OUTLOOK

OUTLOOK FOR THE SECOND HALF OF THE YEAR

In the first half of 2022, unexpected factors such as the international situation and anti-COVID-19 policies adopted in response to a new wave of pandemic led to a significant slowdown in domestic economic growth. As COVID-19 subsided from May 2022, the State introduced a package of policies to stabilise the macro-economic environment, which contributed to a gradual macro-economic recovery. Since the beginning of the second half of 2022, sporadic COVID-19 cases are expected to pose certain obstacles to economic growth. Meanwhile, two waves of COVID-19 outbreak in Sichuan on 15 July and 20 July, respectively, imposed a great impact on the expressway transportation industry. As of the Reporting Date, domestic anti-COVID-19 efforts have achieved positive results, the anti-COVID-19 response capacity and efficiency in different regions has been further improved, and government authorities at all levels adopted an array of measures to align COVID-19 prevention with economic development. It is expected that the overall operating landscape of the expressway industry in Sichuan will not experience any significant change in the second half of 2022, and if positive anti-COVID-19 results are maintained in the domestic market, the Company's traffic volume and operating results in the second half of 2022 will potentially recover to the level achieved in the corresponding period of last year.

In the second half of 2022, the Company will focus on the quality and efficiency of operation and management, enhance toll collection business, vigorously press ahead with key projects, and proactively research into and seek business opportunities, including expansion and renovation of existing road assets, and merger and acquisition of completed quality road assets, step up project development efforts and consolidate the foundation of the Company's expressway principal business while pursuing a prudent financial policy.

In the second half of 2022, on one hand, the Russo-Ukrainian tension may result in a further increase in international oil price, which will in turn have a considerable impact on the Group's energy segment, while on the other hand, benefited from the State's carbon peak and carbon neutrality goal, and the accelerated popularisation of electric vehicles globally, in addition to consolidating the traditional oil and gas business, the Company will take the initiative to venture into new energy industries, and expedite the materialisation of new energy vehicle charging piles and other relevant projects, thereby providing fresh impetus and growth driver for the Group's sustainable development.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF THE GROUP'S OPERATING RESULTS

	For the six months ended 30 June 2022 RMB	For the six months ended 30 June 2021 RMB
Revenue	1,373,771,310	1,339,770,469
Including:		
Toll income	628,388,176	686,125,671
Revenue from sales of refined oil	688,698,514	560,165,983
Revenue from trading activities	–	41,696,920
Revenue from operation and management services	36,901,386	30,021,388
Revenue from convenience stores	11,999,483	13,673,637
Rental income	6,933,789	3,806,687
Others	849,962	4,280,183
Total profit	373,752,347	418,455,134
Net profit attributable to the Shareholders of the Company	291,675,730	320,866,053
Basic earnings per Share	RMB0.18	RMB0.19

SUMMARY OF THE GROUP'S FINANCIAL POSITION

	As at 30 June 2022 RMB	As at 31 December 2021 RMB
Total assets	9,211,395,097	9,157,738,358
Total liabilities	4,559,569,590	4,556,306,092
Non-controlling interests	896,573,097	903,908,398
Total equity attributable to the Shareholders of the Company	3,755,252,410	3,697,523,868

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; and 23 petrol stations and 4 gas stations (4 gas stations did not commence operation during the Reporting Period) under the energy segment.

The Group achieved total revenue of RMB1,373,771,310 during the Reporting Period, representing an increase of RMB34,000,841 from the corresponding period of 2021, including revenue from the expressway segment of RMB671,085,367, accounting for 48.8% of the total revenue for the first half of 2022, and revenue from the energy segment of RMB702,685,943, accounting for 51.2% of the total revenue for the first half of 2022. The table below sets forth an analysis of revenue generated by the Group during the Reporting Period:

	For the six months ended 30 June 2022 RMB	For the six months ended 30 June 2021 RMB	Increase/ (decrease) during the Reporting Period over the same period of last year
Revenue from expressway segment:			
Toll income	628,388,176	686,125,671	(8.4%)
Chengguan Expressway	172,486,593	158,730,796	8.7%
Chengpeng Expressway	128,831,427	137,964,203	(6.6%)
Chengwenqiong Expressway	194,879,828	220,441,945	(11.6%)
Chengdu Airport Expressway	45,673,575	72,694,551	(37.2%)
Qiongming Expressway	86,516,753	96,294,176	(10.2%)
Revenue from operation and management services	35,636,092	30,021,388	18.7%
Rental income	6,706,797	3,343,669	100.6%
Others	354,302	3,888,507	(90.9%)
	671,085,367	723,379,235	(7.2%)
Revenue from energy segment:			
Sales of refined oil	688,698,514	560,165,983	22.9%
Trading activities	–	41,696,920	N/A
Convenience stores	11,999,483	13,673,637	(12.2%)
Revenue from operation and management services	1,265,294	–	N/A
Rental income	226,992	463,018	(51.0%)
Others	495,660	391,676	26.5%
	702,685,943	616,391,234	14.0%
Total	1,373,771,310	1,339,770,469	2.5%

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 2022:

Expressways	Daily weighted average traffic volume (vehicle)		Year-on-year increase/ (decrease)
	1 January to 30 June 2022	1 January to 30 June 2021	
Chengguan Expressway	44,948	41,588	8.1%
Chengpeng Expressway	55,478	57,772	(4.0%)
Chengwenqiong Expressway	49,583	55,254	(10.3%)
Chengdu Airport Expressway	26,648	44,468	(40.1%)
Qiongming Expressway	14,306	15,432	(7.3%)
Total	190,963	214,514	(11.0%)

Details of toll income and traffic volume of expressways owned by the Group are set out below:

During the Reporting Period, toll income and daily weighted average traffic volume of the Group posted a significant decrease from the corresponding period of 2021, and except for an increase in toll income and traffic volume on Chengguan Expressway, other expressways suffered a decline to different extents in terms of toll income and traffic volume. In particular, (i) Chengguan Expressway recorded a sharp year-on-year increase in traffic volume primarily attributable to the large number of tourists, driven by the ice fever ignited by the Beijing Winter Olympics, travelling to Dujiangyan City and Aba prefecture to join the world heritage landscape tours and other activities held by Chengdu Sunac Snow World and Dujiangyan City, as well as the significant improvement in traveling efficiency following completion of the “expressway-to-expressway” interconnection project between Chengguan Expressway and Chengdu Ring Expressway and commencement of operation of Yangxi express lane in 2021, leading to a year-on-year increase in traffic volume and toll income; (ii) Chengdu Airport Expressway recorded a substantial year-on-year decrease in traffic volume primarily due to relocation of flights from Chengdu Shuangliu International Airport to Chengdu Tianfu International Airport as well as impact of the COVID-19, leading to a decrease in the number of flights in Chengdu Shuangliu International Airport, and a sharp decrease in traffic volume and toll income; (iii) Chengwenqiong Expressway, Qiongming Expressway and Chengpeng Expressway recorded a year-on-year decrease in traffic volume due to the construction and temporary transportation control on Chengdu Ring Expressway from April to May 2022, leading to a corresponding decrease in toll income; and (iv) dented public travelling desire and decrease in inter-provincial transportation vehicles due to the continuous surge of domestic refined oil price and regional sporadic COVID-19 cases during the first half of 2022, especially following the “inspection upon arrival in Sichuan” policy imposed on vehicles traveling (returning) to Sichuan on all provincial expressways in April 2022, which had a negative impact of varied degrees on traffic volume and toll income of the Group’s five expressways.

During the Reporting Period, revenue from the operation and management businesses of Tianfu Airport Expressway and Pudu Expressway reached RMB35,636,092, representing a year-on-year increase of 18.7%, primarily attributable to an increase in revenue from operation and management service provided to Tianfu Xinxing toll station which newly commenced operation on Tianfu Airport Expressway.

MANAGEMENT DISCUSSION AND ANALYSIS

Energy Segment

During the Reporting Period, revenue from the energy segment of the Group amounted to RMB702,685,943, representing an increase of RMB86,294,709, or 14.0%, from the corresponding period of 2021. In particular, revenue from sales of refined oil amounted to RMB688,698,514, representing an increase of RMB128,532,531, or 22.9%, from the corresponding period of 2021, primarily attributable to the surge in domestic oil price in the first half of 2022; and revenue from convenience stores amounted to RMB11,999,483, primarily from the independent operation of convenience stores by our petrol stations. In addition, the energy segment newly recorded operation and management revenue contributed by Chengdu Xinhua Petrol Station (“Xinhua Petrol Station”) and Chengdu Huamin Municipal Petrol Station (“Huamin Petrol Station”) of RMB1,265,294.

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 RMB898,399,300 (corresponding period of 2021: RMB836,135,039), representing a year-on-year increase of approximately 7.4%, primarily attributable to the cost of sales of refined oil incurred by Energy Development Company of RMB585,020,901, including fuel purchase expenses and transportation expenses, representing an increase of RMB108,270,497 from the corresponding period of 2021, primarily due to the increase in refined oil procurement cost and fuel procurement amount following the operation of new petrol stations.

GROSS PROFIT AND GROSS PROFIT MARGIN

During the Reporting Period, the Group generated gross profit from operation of RMB475,372,010 (corresponding period of 2021: RMB503,635,430), representing a year-on-year decrease of 5.6%, and achieved gross profit margin of 34.6% (corresponding period of 2021: 37.6%), representing a year-on-year decrease of 3 percentage points. In particular, the expressway segment recorded gross profit of RMB368,516,776 and gross profit margin of 54.9% (corresponding period of 2021: 57.6%), representing a year-on-year decrease of 2.7 percentage points, mainly due to a decrease in toll income resulting from the persistent and sporadic COVID-19 cases domestically; and the energy segment achieved gross profit of RMB106,855,234 and gross profit margin of 15.2% (corresponding period of 2021: 14.1%), representing a year-on-year increase of 1.1 percentage points, mainly due to the constant increase in domestic refined oil price and a lower increase of the procurement price than that of the selling price of refined oil.

ADMINISTRATIVE EXPENSES

During the Reporting Period, the Group incurred administrative expenses of RMB50,141,124 (corresponding period of 2021: RMB41,158,221), representing a year-on-year increase of 21.8%, which was mainly attributable to the increase in labor cost due to increase in employees, as well as an increase in fixed asset depreciation expenses.

During the Reporting Period, the management staff benefit expenses (including salary and social insurance expenses) of the Group were RMB35,524,565 (corresponding period of 2021: RMB31,036,418).

MANAGEMENT DISCUSSION AND ANALYSIS

INVESTMENT INCOME

During the Reporting Period, the Group recognised income of RMB21,460,965 (corresponding period of 2021: RMB32,109,841) from investment in associates and joint ventures, representing a decrease of 33.2%, primarily attributable to a decrease in the sales volume of Natural Gas during the Reporting Period due to the persistent rage of the COVID-19. Specifically, the Group recorded a significant decrease in investment income from Chengdu Tongneng and Zhongyou Jieneng, being RMB7,951,973 and RMB2,901,437, respectively. In addition, Chengdu Teld, our newly invested associate, contributed revenue of RMB3,920,000 to the energy segment.

NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

During the Reporting Period, net profit attributable to the Shareholders of the Company amounted to RMB291,675,730 (corresponding period of 2021: RMB320,866,053), representing a year-on-year decrease of 9.1%; and basic earnings per Share reached RMB0.18 (corresponding period of 2021: RMB0.19), representing a year-on-year decrease of 5.3%, primarily attributable to a decrease in the Group's toll income during the first half of 2022 as affected by the repeated COVID-19 outbreaks at home, leading to a corresponding decrease in net profit attributable to the Shareholders of the Company and basic earnings per Share.

ASSETS AND LIABILITIES OVERALL CONDITIONS

As at the end of the Reporting Period, total assets of the Group amounted to RMB9,211,395,097 (31 December 2021: RMB9,157,738,358), representing a slight increase from the end of 2021. 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 64.4% of the Group's total assets. Currency funds and other assets accounted for 21.1% and 14.5% of total assets, respectively.

As at the end of the Reporting Period, total liabilities of the Group amounted to RMB4,559,569,590 (31 December 2021: RMB4,556,306,092), remaining basically flat from the end of 2021.

BORROWINGS AND REPAYMENT CAPACITY

As at the end of the Reporting Period, total liabilities of the Group amounted to RMB4,559,569,590 (31 December 2021: RMB4,556,306,092), of which 58.1% (31 December 2021: 67.8%) represented bank and Shareholders' borrowings while 16.5% (31 December 2021: 18.5%) represented accounts payable.

As at the end of the Reporting Period, total interest-bearing borrowings of the Group amounted to RMB2,648,303,407 (31 December 2021: RMB3,090,824,270), of which RMB2,564,400,000 represented bank borrowings and RMB83,903,407 represented Shareholders' borrowings. 95.0% 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 3.66% to 4.41%, while Shareholders' borrowings carried a fixed annual interest rate of 4.75%. During the Reporting Period, interest expense of the Group amounted to RMB66,975,062 (corresponding period of 2021: RMB69,175,867). Earnings before interest and tax amounted to RMB440,727,409 (corresponding period of 2021: RMB487,631,001) and therefore interest coverage ratio (earnings before interest and tax divided by interest expenses) was 6.6 (corresponding period of 2021: 7.0).

As at the end of the Reporting Period, gearing ratio of the Group (being total liabilities divided by total assets) was 49.5% (31 December 2021: 49.8%).

MANAGEMENT DISCUSSION AND ANALYSIS

BORROWING RATIO

Being a measurement of financial leverage, borrowing ratio is calculated as net debt divided by “total equity and net debt”. Net debt refers to interest-bearing bank and other loans minus cash and cash equivalents, not including liabilities for working capital 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 13.1% (31 December 2021: 20.7%).

CAPITAL EXPENDITURE COMMITMENTS AND UTILISATION

During the Reporting Period, capital expenditure of the Group amounted to RMB35,999,296, which was primarily incurred by the construction project of Ande service area.

As at the end of the Reporting Period, total capital expenditure commitments of the Group amounted to RMB103,955,246, primarily relating to construction of Ande service area by Zhenxing Company, acquisition of equipment and facilities by certain expressway companies and maintenance of petrol stations by Zhongyou Energy. The Group will prioritise internal resources to fund the above capital expenditure commitments.

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 RMB2,243,671,928 (31 December 2021: RMB2,182,496,091), of which: (i) currency funds were RMB1,945,030,585 (31 December 2021: RMB1,887,351,380), accounting for 86.7% (31 December 2021: 86.5%) of current assets; (ii) accounts receivable were RMB164,875,926 (31 December 2021: RMB144,714,700), accounting for 7.4% (31 December 2021: 6.6%) of current assets; (iii) inventories were RMB21,002,747 (31 December 2021: RMB46,134,548), accounting for 0.9% (31 December 2021: 2.1%) of current assets; and (iv) prepayments, other receivables and other current assets were RMB112,762,670 (31 December 2021: RMB104,295,463), accounting for 5.0% (31 December 2021: 4.8%) of current assets.

As at the end of the Reporting Period, current ratio (current assets divided by current liabilities) of the Group was 130.0% (31 December 2021: 154.4%). The decrease in current ratio was due to the successful issuance of debentures in an aggregate amount of RMB300,000,000 during the Reporting Period, leading to an increase in current liabilities.

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 2022 and 2021:

	Six months ended 30 June			
	2022		2021	
	RMB	RMB	RMB	RMB
Cash and cash equivalents presented in the consolidated statement of cash flows at the beginning of the period		1,800,119,207		1,631,650,352
Net cash flows from operating activities	459,312,679		233,260,000	
Net cash flows used in/from investing activities	(198,860,413)		16,221,386	
Net cash flows used in financing activities	(190,810,288)		(221,170,818)	
Net increase in cash and cash equivalents		69,641,978		28,310,568
Cash and cash equivalents presented in the consolidated statement of cash flows at the end of the period		1,869,761,185		1,659,960,920

	As at 30 June	
	2022	2021
	RMB	RMB
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents as stated in the consolidated balance sheet	1,929,761,185	1,681,877,218
Time deposits with original maturity of over three months	60,000,000	21,916,298
Cash and cash equivalents as stated in the consolidated statement of cash flows	1,869,761,185	1,659,960,920

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 RMB459,312,679, compared to net cash flows from operating activities of RMB233,260,000 for the corresponding period in 2021, representing a year-on-year increase of RMB226,052,679, primarily attributable to (i) a year-on-year increase in cash received from sale of goods and rendering of services of RMB142,951,563; (ii) a year-on-year increase in other cash received relating to operating activities of RMB28,827,715, primarily due to refund of income tax to Communications Investment Energy; (iii) a year-on-year decrease in taxes and surcharges paid of RMB20,058,219, primarily due to a greater amount of enterprise income tax for 2020 paid in the corresponding period of 2021, leading to an overall increase in tax payment as compared with the Reporting Period; and (iv) a year-on-year decrease in other cash paid relating to operating activities of RMB63,355,065, primarily due to construction payment for the expressway-to-expressway project of RMB30,229,791 during the Reporting Period as compared to RMB122,346,088 for the corresponding period of 2021, representing a year-on-year decrease of RMB92,116,297.

Net cash flows used in/from investing activities: During the Reporting Period, net cash flows used in investing activities of the Group amounted to RMB198,860,413, compared to net cash flows from investing activities of RMB16,221,386 for the corresponding period in 2021, representing a year-on-year decrease of RMB215,081,799, primarily attributable to (i) capital increase in an amount of RMB70,000,000 prepaid to Huitong Financial Leasing, and RMB60,902,400 paid to Chengdu Communications Investment Shancheng Industrial Co., Ltd. ("Chengdu Shancheng Industrial") for acquisition of 16% equity interests in Chengdu Teld; (ii) a year-on-year decrease of RMB94,156,627 from disposal of time deposits with maturity over three months; and (iii) RMB13,450,700 paid for acquisition of equity interests in Sichuan Intelligent Transportation Systems Management Co., Ltd. during the corresponding period of last year, while no such amount was incurred during the Reporting Period.

Net cash flows used in financing activities: During the Reporting Period, net cash flows used in financing activities of the Group amounted to RMB190,810,288, compared to net cash flows used in financing activities of RMB221,170,818 for the corresponding period in 2021, representing a year-on-year decrease of RMB30,360,530, primarily attributable to (i) issuance of 2022 first tranche of ultra-short-term debentures of RMB300,000,000 during the Reporting Period, proceeds from which were used to early repay certain loans; (ii) an increase in repayment of borrowings of RMB235,100,000 during the Reporting Period as compared with the corresponding period of 2021; and (iii) an increase of RMB5,003,718 in cash paid relating to other financing activities 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.

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As at the end of the Reporting Period, the toll collection rights of Chengwenqiong Expressway with a net carrying amount of RMB980,508,563 (31 December 2021: RMB1,008,566,526) were pledged to secure bank loans of RMB410,000,000 (31 December 2021: RMB550,000,000), the toll collection rights of Chengpeng Expressway with a net carrying amount of RMB1,164,558,057 (31 December 2021: RMB1,197,274,381) were pledged to secure bank loans of RMB143,000,000 (31 December 2021: RMB263,000,000), and the toll collection rights of Qiongming Expressway with a net carrying amount of RMB2,291,727,881 (31 December 2021: RMB2,319,900,986) were pledged to secure bank loans of RMB1,642,400,000 (31 December 2021: RMB1,710,000,000).

EXCHANGE RATE FLUCTUATION RISK

As the Group primarily operates in mainland China and the majority of its businesses are settled in Renminbi, 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

During the Reporting Period, Energy Development Company was involved in a land dispute as on 14 August 2014, Energy Development Company issued the "Letter of Undertakings on Solving Project Lands for Communications Investment Energy" ("Letter of Undertakings") to Chengdu Huaguan Industrial Co., Ltd. ("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, and land construction procedures of one petrol station and one gas station through swap. Upon 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. As of 30 June 2022, the court has not awarded a judgement. Based on the advice of the legal adviser of the Group, the management considers that Energy Development Company has a legitimate defense against the lawsuit, and the case will probably be ruled in favor of Energy Development Company. Accordingly, the management did not make provision in this regard. 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. Save as disclosed above, the Group did not have any material contingent liabilities, nor did it provide any guarantee to related parties.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE AND REMUNERATION POLICIES

As of the end of the Reporting Period, the Group had an aggregate of 2,204 employees (31 December 2021: 2,177), including 1,881 front-line staff, accounting for 85.3% of the total; 248 general management personnel, including staff in finance, human resources and other business departments, accounting for 11.3% of the total; and 75 middle-level department managers and above, accounting for 3.4% of the total.

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

Pursuant to statutory requirements, the Group has participated in the employee retirement scheme 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. 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 2022. The remuneration of all senior management members is subject to review by the Remuneration and Evaluation Committee before being reported to the Board.

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 RMB145,447,289 (corresponding period of 2021: RMB134,555,566).

OTHER INFORMATION

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

In March 2022, Mr. Zhang Jian resigned as an employee representative Supervisor of the Company.

In March 2022, Mr. Chen Yong was appointed as an employee representative Supervisor of the Company.

In April 2022, Mr. Shu Wa Tung, Laurence was appointed as an independent non-executive director of Termbay Industries International (Holdings) Limited (HK0093).

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

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 wholly-owned by State-owned Assets Supervision and Administration Commission of Chengdu Municipal Government (成都市國有資產監督管理委員會).
- (2) Chengdu Expressway Construction is held as to 81.51% and 18.49% by Chengdu Communications Investment and CCB Gold Investment, respectively.

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 Jiaozhi 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. 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 investor manager, Fullgoal Fund Management Co., Ltd. holds interests in 49,900,000 H Shares of the Company. The fund it manages is the Fullgoal Fund Global Allocation No. 6 QDII-Asset Management Plan (富國基金全球配置6號QDII-資產管理計劃).
- (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.

PROGRESS OF LAND USE RIGHTS

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

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

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

At the request of Chengdu Planning and Natural Resources Bureau (being the government organ reformed and consolidated from, among others, Chengdu Municipal Land and Resources Bureau and Chengdu Municipal Planning Bureau), Chengpeng Expressway Company submitted relevant materials required for obtaining the ownership certificate, which are under review for the time being. Before obtaining the real estate ownership certificate, the normal operation of Chengpeng Expressway will not be adversely affected.

OTHER INFORMATION

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 2021 annual general meeting of the Company held on 13 May 2022, the Company distributed final dividends for the year ended 31 December 2021 to the Shareholders on 12 July 2022, totaling approximately RMB233,510,382, being RMB0.141 (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 2022.

ARTICLES OF ASSOCIATION

On 28 April 2022, the Board resolved to propose to make certain amendments to the Articles of Association. Given the proposed amendments to the Articles of Association, the Board also resolved to propose to make certain amendments to the Rules of Procedures of the General Meeting of the Company on the same date to align with the Articles of Association. The proposed amendments had been considered and approved by the Shareholders by special resolution at the extraordinary general meeting, the H Share class meeting and the Domestic Share class meeting held on 8 July 2022. The latest version of the Articles of Association had been published on the websites of the Company and the Stock Exchange on 8 July 2022. For details of the amendments, please refer to the Company's announcements dated 28 April 2022 and 8 July 2022, and the circular dated 23 May 2022.

AUDIT AND RISK MANAGEMENT COMMITTEE

As at the Reporting Date, the Audit and Risk Management Committee of the Company comprises three Directors, namely Mr. Shu Wa Tung, Laurence, being an independent non-executive Director, Mr. Ye Yong, being an independent non-executive Director and Mr. Yang Bin, being a non-executive Director. Mr. Shu Wa Tung, Laurence currently serves as the chairman of the Audit and Risk Management Committee of the Company with the professional accounting qualification. The Audit and Risk Management Committee of the Company has reviewed the results announcement and the interim report of the Group for the six months ended 30 June 2022 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.

OTHER INFORMATION

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 subscribed for three structured deposits on 5 January and 14 March 2022, all of which are principal-guaranteed with floating return and the Company shall not redeem the principal and income in advance during the duration. In particular, (i) on 5 January 2022, 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 RMB280 million with a term from 7 January 2022 to 24 June 2022 and an expected annualised rate of return of 1.6% to 3.4%; and (ii) the Company subscribed for 2 structured deposits offered by Chengdu Binjiang Sub-branch of Industrial and Commercial Bank of China Limited, of which one was subscribed for on 5 January 2022 for RMB120 million with a term from 7 January 2022 to 24 June 2022 and an expected annualised rate of return of 1.3% to 3.4% and the other was subscribed for on 14 March 2022 for RMB60 million with a term from 17 March 2022 to 23 June 2022 and an expected annualised rate of return of 1.3% to 3.29%. 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 5 January 2022 and 14 March 2022.

Change of Employee Representative Supervisor

On 3 March 2022, Mr. Zhang Jian, a Supervisor of the Company, resigned as an employee representative Supervisor due to work rearrangement. At the employee congress held by the Company on the same date, Mr. Chen Yong was elected as an employee representative Supervisor of the second session of the Supervisory Committee commencing from 3 March 2022 with a term which is the same as that of employee representative Supervisors of the second session of the Supervisory Committee, and is eligible for re-election upon expiration of his term. For further details on change of employee representative Supervisor, please refer to the announcement of the Company dated 3 March 2022.

OTHER INFORMATION

Entering into the Refined Oil Purchase and Sale Contracts

On 28 April 2022, (i) Energy Operation entered into the Huamin Refined Oil Purchase and Sale Contract with Huamin Petrol Station, pursuant to which Huamin Petrol Station and Chengdu Municipal Shiling Petrol Station (成都市市政十陵加油站) (“Shiling Petrol Station”) (established by Huamin Petrol Station) agreed to purchase refined oil from Energy Operation, and Energy Operation agreed to sell refined oil to Huamin Petrol Station and Shiling Petrol Station; and (ii) Energy Operation entered into the Xinhua Refined Oil Purchase and Sale Contract with Xinhua Petrol Station, pursuant to which Xinhua Petrol Station agreed to purchase refined oil from Energy Operation, and Energy Operation agreed to sell refined oil to Xinhua Petrol Station. All of the above contracts came into effect from execution of both parties and shall expire on 31 August 2023. The annual caps of the transaction amount of supplying refined oil to Huamin Petrol Station and Shiling Petrol Station by Energy Operation are RMB53 million and RMB82 million, respectively, for the year ending 31 December 2022 and the eight months ending 31 August 2023; and annual caps of the transaction amount of supplying refined oil to Xinhua Petrol Station by Energy Operation are RMB36 million and RMB32 million, respectively, for the year ending 31 December 2022 and the eight months ending 31 August 2023. For further details regarding entering into the refined oil purchase and sale contracts, please refer to the announcement of the Company dated 28 April 2022.

Entering into the Highway Business Operation Services Framework Agreement

On 20 May 2022, the Company entered into the Highway Business Operation Services Framework Agreement with Chengdu Communications Investment, pursuant to which the Group agreed to purchase from Chengdu Communications Investment Group, and Chengdu Communications Investment Group agreed to provide the Group with comprehensive services in relation to highway business operation. The agreement came effective on the date of signing by both parties and shall expire on 31 December 2024. Chengdu Communications Investment Group shall provide the Group with regular maintenance services, special construction ancillary services, surveying and design, inspection and other comprehensive services in relation to highway business operation as may be further agreed between the parties from time to time. The prices for each of the services under the Highway Business Operation Services Framework Agreement shall be determined based on the following order: government pricing, government-guided prices, market prices, agreed prices and prices finally determined through the tender process for services subject to tender procedures as required by applicable laws and regulations. Annual caps of the transaction amounts to be incurred for highway business operation comprehensive services provided by Chengdu Communications Investment Group to the Group under the Highway Business Operation Services Framework Agreement are RMB76.5 million, RMB61.0 million and RMB81.5 million, respectively, for the three years ending 31 December 2022, 2023 and 2024. For further details regarding entering into the Highway Business Operation Services Framework Agreement, please refer to the announcement of the Company dated 20 May 2022.

OTHER INFORMATION

Entering into the Borrowing Agreement

On 16 June 2022, the Company entered into the Borrowing Agreement with Chengming Expressway Company, pursuant to which, the Company agreed to provide Chengming Expressway Company with a borrowing in an amount of RMB35 million (the "Borrowing"). The Borrowing advanced by the Company to Chengming Expressway Company carries an annual interest rate of 2.8%, and was granted in one lump sum upon entering into of the agreement for Chengming Expressway Company to repay the consortium loans. Term of the Borrowing shall be one year commencing from the date on which Chengming Expressway Company received the Borrowing, and Chengming Expressway Company shall repay the principal of the Borrowing and interest accrued thereon in one lump sum with its own funds upon maturity. For further details regarding the Borrowing, please refer to the announcement of the Company dated 16 June 2022.

SUBSEQUENT EVENTS

Subscription for Structured Deposits

The Company and Communications Investment Energy, its subsidiary, subscribed for three structured deposits on 4 July 2022 and 18 July 2022, respectively, 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 4 July 2022, the Company subscribed for the structured deposit offered by Chengdu No.1 Sub-branch of China Construction Bank Corporation for RMB320 million with a term from 6 July 2022 to 23 December 2022 and an expected annualised rate of return of 1.6% to 3.4%; (ii) on 4 July 2022, the Company subscribed for the structured deposit offered by Qintai Sub-branch of Bank of Chengdu Co., Ltd ("BoCD") for RMB50 million with a term from 6 July 2022 to 23 December 2022 and an expected annualised rate of return of 1.54% to 3.4%; and (iii) on 18 July 2022, Communications Investment Energy subscribed for the structured deposit offered by BoCD Huaxing Sub-branch for RMB100 million with a term from 18 July 2022 to 18 October 2022 and an expected annualised rate of return of 1.54% to 3.45%. For further details regarding the subscription of structured deposits, please refer to the announcements of the Company dated 4 July 2022 and 18 July 2022.

OTHER INFORMATION

Civil Litigation Initiated by Chengming Expressway Company

As disclosed in the circular of the Company dated 28 November 2019, Chengming Expressway Company and Sichuan Xuyang Petrification Trading Co., Ltd. (四川省旭陽石化貿易有限公司) (“Xuyang Petrification”) entered into the Agreement of Construction and Operational Rights Transfer (Lease) of 4 Petrol and Gas Stations in Qionglai and Mingshan Service Areas, and of Pingle Service Area (including Petrol and Gas Stations) on National Highway 318 Qionglai to Mingshan Expressway (《國道318線邛崃至名山高速公路邛崃、名山服務區內2對4座加油加氣站及平樂服務區(含加油加氣站)建設與經營權轉讓(租賃)協議》) in 2012 (the “2012 Agreement”), pursuant to which, among other things, (i) the operating lands for petrol and gas stations in the Qionglai and Mingshan service areas will be changed from the original use period of 28 years of allocation (劃撥) land to 40 years of state-owned land for commercial use. The extended 12-year land use right was leased to Xuyang Petrification by Chengming Expressway Company at a consideration of RMB20 million; (ii) Chengming Expressway Company transferred the 28-year operational rights of Pingle service area and supporting facilities, and the 40-year land use right to Xuyang Petrification at a consideration of RMB10 million, and Xuyang Petrification takes charge of the investment and construction of Pingle service area; and (iii) the fee for change of land use rights of the lands of petrol stations in Qionglai, Mingshan and Pingle service areas shall be borne by Xuyang Petrification. On 26 July 2014, Chengming Expressway Company and Xuyang Petrification entered into the Agreement of Operational Rights Transfer (Lease) of Petrol Stations in Pingle Service Area (the “2014 Agreement”), pursuant to which, the consideration for transfer of the operational rights of Pingle service area and supporting facilities (the “Transfer Consideration”) was re-determined as RMB2 million. As of the date of this interim report, construction of Pingle service area has not been completed.

On 20 May 2022, Chengming Expressway Company filed a lawsuit against Xuyang Petrification to Jianyang People’s Court (the “Court”) as Xuyang Petrification defaulted on the rent or Transfer Consideration as agreed under the 2012 Agreement and 2014 Agreement, and upon due diligence, Chengming Expressway Company confirmed that Xuyang Petrification was incapable of performing the agreements. Chengming Expressway Company demanded, among other things, the Court to terminate the 2012 Agreement and 2014 Agreement, and return of the petrol stations in Pingle service area to Chengming Expressway Company in status quo.

On 26 July 2022, Chengming Expressway Company received the counterclaim filed by Xuyang Petrification, pursuant to which, Xuyang Petrification demanded, among other things, Chengming Expressway Company to pay it compensation of RMB28.1621 million. On 16 August 2022, Chengming Expressway Company filed an additional request, demanding Xuyang Petrification to pay the interest accrued on funds appropriated by it totaling at least approximately RMB7.9331 million.

As of the date of this interim report, the Court has not awarded a judgement. The Group will proactively adopt measures to safeguard its legitimate rights and interests through legal procedures. Based on the advice of the legal advisers of the Group, the management of the Company considered that the case will not have a material negative impact on the Group’s operation and financial condition.

INFORMATION DISCLOSURE

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

25 August 2022

CONSOLIDATED BALANCE SHEET

30 June 2022

Unit: RMB

	Note VI	30 June 2022 (unaudited)	31 December 2021 (audited)
ASSETS			
Current assets			
Currency funds	1	1,945,030,585	1,887,351,380
Accounts receivable	2	164,875,926	144,714,700
Prepayments		70,054,268	43,331,550
Other receivables		40,818,153	59,693,549
Inventories		21,002,747	46,134,548
Other current assets		1,890,249	1,270,364
Total current assets		2,243,671,928	2,182,496,091
Non-current assets			
Long-term receivables		–	2,150,000
Long-term equity investments	3	450,081,145	387,894,091
Other non-current financial assets		19,990,000	13,950,700
Fixed assets		326,207,751	350,564,711
Construction in progress		38,424,781	24,884,184
Right-of-use assets		39,053,484	45,670,419
Intangible assets	4	5,933,936,895	6,055,765,246
Goodwill		34,025,910	34,025,910
Long-term prepaid expenses		2,907,040	452,765
Deferred tax assets		32,024,392	30,083,024
Other non-current assets	5	91,071,771	29,801,217
Total non-current assets		6,967,723,169	6,975,242,267
Total assets		9,211,395,097	9,157,738,358

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

CONSOLIDATED BALANCE SHEET

Unit: RMB

30 June 2022

	Note VI	30 June 2022 (unaudited)	31 December 2021 (audited)
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable	6	750,978,429	842,544,627
Advance received		4,804,524	–
Contract liabilities		35,255,401	21,503,756
Employee benefits payable		4,454,858	48,628,003
Taxes and surcharges payable		54,257,665	44,802,820
Other payables		427,163,758	201,858,227
Non-current liabilities due within one year	7	148,987,517	253,742,390
Other current liabilities	8	300,603,863	–
Total current liabilities		1,726,506,015	1,413,079,823
Non-current liabilities			
Long-term borrowings	9	2,433,000,000	2,732,000,000
Lease liabilities		28,120,509	36,988,170
Deferred tax liabilities		187,040,613	185,740,100
Other non-current liabilities	10	184,902,453	188,497,999
Total non-current liabilities		2,833,063,575	3,143,226,269
Total liabilities		4,559,569,590	4,556,306,092
Equity			
Share capital		1,656,102,000	1,656,102,000
Capital reserves		504,353,491	504,353,491
Specialised reserves		14,469,824	14,906,630
Surplus reserves		213,889,871	213,889,871
Unappropriated profit	11	1,366,437,224	1,308,271,876
Total equity attributable to shareholders of the Company		3,755,252,410	3,697,523,868
Non-controlling interests		896,573,097	903,908,398
Total equity		4,651,825,507	4,601,432,266
Total liabilities and equity		9,211,395,097	9,157,738,358

The financial statements have been signed by:

Legal representative:

Financial controller:

Accounting supervisor:

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

CONSOLIDATED INCOME STATEMENT

Six months ended 30 June 2022

Unit: RMB

	Note VI	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Revenue	12	1,373,771,310	1,339,770,469
Less: Cost of sales		898,399,300	836,135,039
Taxes and surcharges		6,176,731	5,568,412
Selling expenses		31,133,542	26,473,677
Administrative expenses		50,141,124	41,158,221
Finance expenses		48,437,597	52,375,705
Including: Interest expenses		66,975,062	69,175,867
Interest income		18,668,217	17,799,358
Add: Other income		155,239	–
Investment income		21,460,965	32,444,641
Including: Income from investments in associates and joint ventures		21,460,965	32,109,841
Credit impairment loss		(189,040)	(30,527)
Gains/(Losses) from disposal of assets	13	689,862	(61,789)
Gains and losses from changes in fair values		6,039,300	–
Operating profit		367,639,342	410,411,740
Add: Non-operating income		6,173,377	8,082,064
Less: Non-operating expenses		60,372	38,670
Total profit		373,752,347	418,455,134
Less: Income tax expenses	14	50,683,219	62,773,093
Net profit		323,069,128	355,682,041
Classified by continuity of operations			
Net profit from continuing operations		323,069,128	355,682,041
Classified by ownership			
Net profit attributable to shareholders of the Company		291,675,730	320,866,053
Net profit attributable to non-controlling interests		31,393,398	34,815,988
Total comprehensive income		323,069,128	355,682,041
Including:			
Total comprehensive income attributable to shareholders of the Company		291,675,730	320,866,053
Total comprehensive income attributable to non-controlling interests		31,393,398	34,815,988
Earnings per share (RMB/share)			
Basic and diluted earnings per share	15	0.18	0.19

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 2022

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 and opening balances of the current period (audited)	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
II. 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)
III. Closing balance for the period (unaudited)	1,656,102,000	504,353,491	14,469,824	213,889,871	1,366,437,224	3,755,252,410	896,573,097	4,651,825,507

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 2022

Unit: RMB

Six months ended 30 June 2021 (unaudited)

	Attributable to shareholders of the Company					Subtotal	Non-controlling interests	Total equity
	Share capital	Capital reserves	Specialised reserves	Surplus reserves	Unappropriated profit			
I. Closing balances of the preceding year and opening balances of the current period (audited)	1,656,102,000	503,968,616	12,176,671	173,993,461	933,904,013	3,280,144,761	891,762,849	4,171,907,610
II. Changes in the current period								
(I) Total comprehensive income	-	-	-	-	320,866,053	320,866,053	34,815,988	355,682,041
(II) Profit distribution								
1. Distribution to shareholders	-	-	-	-	(200,388,342)	(200,388,342)	(50,781,835)	(251,170,177)
(III) Specialised reserves								
1. Appropriation during the period	-	-	2,834,157	-	-	2,834,157	1,960,769	4,794,926
2. Utilisation during the period	-	-	(241,573)	-	-	(241,573)	(191,700)	(433,273)
III. Closing balance for the period (unaudited)	1,656,102,000	503,968,616	14,769,255	173,993,461	1,054,381,724	3,403,215,056	877,566,071	4,280,781,127

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 2022

Note VI	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	1,292,479,179	1,149,527,616
Refund of taxes and surcharges	155,239	145,860
Other cash received relating to operating activities	79,557,407	50,729,692
Subtotal of cash inflows from operating activities	1,372,191,825	1,200,403,168
Cash paid for purchase of goods and receipt of services	550,460,589	547,924,327
Cash paid to and on behalf of employees	189,747,319	163,134,319
Payments of taxes and surcharges	98,955,374	119,013,593
Other cash paid relating to operating activities	73,715,864	137,070,929
Subtotal of cash outflows from operating activities	912,879,146	967,143,168
Net cash flows from operating activities	459,312,679	233,260,000
II. Cash flows from investing activities:		
Cash received from disposal of investments	514,112,773	106,119,400
Cash received from investment gains	27,901,976	12,650,231
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	-	74,946
Subtotal of cash inflows from investing activities	542,014,749	118,844,577
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	109,930,012	89,172,491
Cash paid to acquire investments	630,945,150	13,450,700
Subtotal of cash outflows from investing activities	740,875,162	102,623,191
Net cash flows from investing activities	(198,860,413)	16,221,386

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 2022

Unit: RMB

Note VI	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
III. Cash flows from financing activities:		
Cash received from absorption of investments	7,860,229	–
Including: Cash received by subsidiaries from investment of non-controlling shareholders	7,860,229	–
Cash received from borrowings	–	40,000,000
Other cash received relating to financing activities	300,000,000	–
Subtotal of cash inflows from financing activities	307,860,229	40,000,000
Cash paid for repayment of debts	403,600,000	168,500,000
Cash paid for distribution of dividends, profits or repayment of interests	85,507,424	88,111,443
Including: Dividends and profits paid to non-controlling shareholders by subsidiaries	14,772,780	20,272,568
Other cash paid relating to financing activities	9,563,093	4,559,375
Subtotal of cash outflows from financing activities	498,670,517	261,170,818
Net cash flows from financing activities	(190,810,288)	(221,170,818)
IV. Net increase in cash and cash equivalents	69,641,978	28,310,568
Add: Balance of cash and cash equivalents at the beginning of the period	1,800,119,207	1,631,650,352
V. Balance of cash and cash equivalents at the end of the period	1,869,761,185	1,659,960,920

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

BALANCE SHEET OF THE COMPANY

Unit: RMB

30 June 2022

	30 June 2022 (unaudited)	31 December 2021 (audited)
ASSETS		
Current assets		
Currency funds	1,519,594,435	1,510,358,309
Accounts receivable	16,627,038	10,434,190
Prepayments	1,317,229	1,101,148
Other receivables	343,743,188	161,291,031
Other current assets	708,267	1,119,931
Total current assets	1,881,990,157	1,684,304,609
Non-current assets		
Long-term equity investments	2,859,400,552	2,864,369,288
Other non-current financial assets	19,490,000	13,450,700
Fixed assets	27,497,327	29,890,313
Construction in progress	2,045,980	541,032
Right-of-use assets	12,547,381	14,218,330
Intangible assets	480,681,220	498,886,210
Deferred tax assets	1,281,068	2,483,916
Other non-current assets	70,000,000	-
Total non-current assets	3,472,943,528	3,423,839,789
Total assets	5,354,933,685	5,108,144,398

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

BALANCE SHEET OF THE COMPANY

30 June 2022

Unit: RMB

	30 June 2022 (unaudited)	31 December 2021 (audited)
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	33,408,159	35,446,655
Advance received	798,524	–
Employee benefits payable	266,946	12,768,500
Taxes and surcharges payable	8,200,808	3,960,480
Other payables	933,728,908	1,132,527,454
Non-current liabilities due within one year	92,221,700	117,152,299
Other current liabilities	300,603,863	–
Total current liabilities	1,369,228,908	1,301,855,388
Non-current liabilities		
Long-term borrowings	282,000,000	333,000,000
Lease liabilities	8,339,853	11,002,702
Other non-current liabilities	13,665,573	14,614,219
Total non-current liabilities	304,005,426	358,616,921
Total liabilities	1,673,234,334	1,660,472,309
Equity		
Share capital	1,656,102,000	1,656,102,000
Capital reserves	670,065,375	670,065,375
Surplus reserves	213,889,871	213,889,871
Unappropriated profit	1,141,642,105	907,614,843
Total equity	3,681,699,351	3,447,672,089
Total liabilities and equity	5,354,933,685	5,108,144,398

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

INCOME STATEMENT OF THE COMPANY

Unit: RMB

Six months ended 30 June 2022

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Revenue	208,462,744	188,916,322
Less: Cost of sales	89,128,665	76,116,380
Taxes and surcharges	833,385	927,042
Administrative expenses	17,158,124	15,574,682
Finance expenses	(2,074,110)	(307,807)
Including: Interest expenses	17,751,431	19,149,029
Interest income	19,244,198	19,662,975
Add: Other income	122,648	–
Investment income	372,024,915	224,338,677
Including: Income from investments in an associate	14,580,227	16,034,312
Gains and losses from changes in fair values	6,039,300	–
Operating profit	481,603,543	320,944,702
Add: Non-operating income	2,480,751	3,228,165
Less: Non-operating expenses	4,948	25,752
Total profit	484,079,346	324,147,115
Less: Income tax expenses	16,541,702	14,836,313
Net profit	467,537,644	309,310,802
Including: Net profit from continuing operations	467,537,644	309,310,802
Total comprehensive income	467,537,644	309,310,802

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 2022

Unit: RMB

Six months ended 30 June 2022 (unaudited)

	Share capital	Capital reserves	Surplus reserves	Unappropriated profit	Total equity
I. Opening balance for the period	1,656,102,000	670,065,375	213,889,871	907,614,843	3,447,672,089
II. 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)
III. Closing balance for the period	1,656,102,000	670,065,375	213,889,871	1,141,642,105	3,681,699,351

Six months ended 30 June 2021 (unaudited)

	Share capital	Capital reserves	Surplus reserves	Unappropriated profit	Total equity
I. Opening balance for the period	1,656,102,000	670,065,375	173,993,461	749,116,093	3,249,276,929
II. Changes in the current period					
(I) Total comprehensive income	-	-	-	309,310,802	309,310,802
(II) Profit distribution					
1. Distribution to shareholders	-	-	-	(200,388,342)	(200,388,342)
III. Closing balance for the period	1,656,102,000	670,065,375	173,993,461	858,038,553	3,358,199,389

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 2022

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	214,401,791	186,078,540
Refund of taxes and surcharges	122,648	118,254
Other cash received relating to operating activities	9,591,117	21,237,595
Subtotal of cash inflows from operating activities	224,115,556	207,434,389
Cash paid for purchase of goods and receipt of services	52,733,420	27,956,603
Cash paid to and on behalf of employees	40,883,721	35,647,726
Payments of taxes and surcharges	17,218,204	20,487,101
Other cash paid relating to operating activities	34,980,342	117,086,011
Subtotal of cash outflows from operating activities	145,815,687	201,177,441
Net cash flows from operating activities	78,299,869	6,256,948
II. Cash flows from investing activities:		
Cash received from investment gains	320,428,815	165,527,318
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	-	26,319
Cash received from disposal of investments	471,962,773	106,119,400
Other cash received relating to investing activities	3,808,675	1,831,119
Subtotal of cash inflows from investing activities	796,200,263	273,504,156
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	4,730,144	27,240,651
Cash paid to acquire investments	532,051,473	13,450,700
Other cash paid relating to investing activities	115,000,000	-
Subtotal of cash outflows from investing activities	651,781,617	40,691,351
Net cash flows from investing activities	144,418,646	232,812,805

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 2022

Unit: RMB

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
III. Cash flows from financing activities:		
Other cash received relating to financing activities	300,000,000	319,064,365
Subtotal of cash inflows from financing activities	300,000,000	319,064,365
Cash paid for repayment of debts	76,000,000	107,000,000
Cash paid for distribution of dividends, profits or repayment of interests	22,805,008	10,285,337
Other cash paid relating to financing activities	402,714,608	395,193,081
Subtotal of cash outflows from financing activities	501,519,616	512,478,418
Net cash flows from financing activities	(201,519,616)	(193,414,053)
IV. Net increase in cash and cash equivalents	21,198,899	45,655,700
Add: Balance of cash and cash equivalents at the beginning of the period	1,343,124,636	1,169,188,077
V. Balance of cash and cash equivalents at the end of the period	1,364,323,535	1,214,843,777

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 2022

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 20 December 2016, the Company completed reorganisation as a joint stock company and changed its name to Chengdu Expressway Co., Ltd.. The H shares issued by the Company are listed on The Stock Exchange of Hong Kong Limited. The headquarters of the Company is located at 9th Floor, Chengnan Tianfu Building, No. 66 Shenghe 1st Road, High-Tech Zone, Chengdu, Sichuan.

The Company and its subsidiaries (the "Group") are principally engaged in the operation, management and development of expressways located in and around Chengdu, Sichuan Province, and also conduct operation of refined oil and 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 parent company of the Group is Chengdu Communications Investment Group Co., Ltd. ("Chengdu Communications Investment") which is established in the People's Republic of China.

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 2021 annual financial statements.

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

III. ACCOUNTING POLICIES AND ESTIMATES

Accounting policies and estimates adopted in these financial statements are consistent with those adopted in the Company's 2021 annual financial statements.

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2022

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 calculated at the rate of 3% for toll income, 13% for sales income of refined oil products and convenience stores, 6% for operation and management services, and 5% for rental and other income. Small-sized taxpayers shall pay VAT at 3% of taxable income.
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 (Ann 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.

V. CONSOLIDATION SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Information of 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	
				Direct	Indirect	Proportion (%)	Remark
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	

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2022

V. CONSOLIDATION SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Information of subsidiaries (Continued)

	Place of principal business/ registration	Nature of business	Registered capital	Proportion of shareholding (%)		Voting rights Proportion (%)	Remark
				Direct	Indirect		
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	381,000,000	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

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 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.

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2022

Unit: RMB

VI. NOTES TO THE KEY COMPONENTS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Currency funds

	30 June 2022 (unaudited)	31 December 2021 (audited)
Cash	24,725	143,880
Bank deposits	1,928,085,213	1,870,893,721
Other currency funds	16,920,647	16,313,779
	1,945,030,585	1,887,351,380

As at 30 June 2022, the Group had restricted currency funds of RMB15,269,400 (31 December 2021: 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 transaction dates is as follows:

	30 June 2022 (unaudited)	31 December 2021 (audited)
Within 1 year	111,220,238	97,702,894
1 to 2 years	30,354,662	16,646,731
2 to 3 years	25,540,667	32,411,717
Over 3 years	417,292	418,813
	167,532,859	147,180,155
Less: Provision for bad debts of accounts receivable	2,656,933	2,465,455
	164,875,926	144,714,700

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2022

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

3. Long-term equity investments

	30 June 2022 (unaudited)	31 December 2021 (audited)
Joint ventures		
Sinopec Chengdu Energy Co., Ltd. ("Sinopec Chengdu Energy")	15,639,799	14,909,799
Chengdu Communications Investment New Energy Industrial Development Co., Ltd. ("New Energy Company")	57,020,440	59,020,440
Associates		
Chengdu Chengbei Exit Expressway Co., Ltd. ("Chengbei Exit Expressway Company")	122,697,664	127,666,400
Zhongyou Jieneng (Chengdu) Environmental Protection Technology Co., Ltd. ("Zhongyou Jieneng")	51,315,635	51,268,797
Chengdu Tongneng Compressed Natural Gas Co., Ltd. ("Chengdu Tongneng")	127,460,407	123,712,507
Chengdu Jiuhe Oil Management Co., Ltd. ("Chengdu Jiuhe")	5,051,570	4,893,570
Chengdu Jiaoyun Compressed Natural Gas Development Co., Ltd. ("Chengdu Jiaoyun CNG")	6,030,480	6,422,578
Chengdu Teld New Energy Co., Ltd. ("Chengdu Teld") ^{Note 2}	64,865,150	–
	450,081,145	387,894,091
Less: Provision for bad debts of long-term equity investments	–	–
	450,081,145	387,894,091

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2022

Unit: RMB

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

3. Long-term equity investments (Continued)

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
New Energy Company ^{Note 1}	Chengdu	Operation of vehicle charging facilities	100,000,000	60.00	60.00
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
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 ^{Note 2}	Chengdu	Operation of electric vehicle charging facilities	200,000,000	16.00	16.00

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2022

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

3. Long-term equity investments (Continued)

Note 1: New Energy Company was established in August 2021. Although Energy Development Company, a subsidiary of the Group, holds 60% equity interests in New Energy Company, it does not control New Energy Company. Pursuant to the articles of association of New Energy Company upon establishment, its general meeting has the highest authority, and resolutions proposed at the general meeting shall be approved by more than two-thirds of the shareholders with voting rights. In addition, the board of directors of New Energy Company comprises 5 members, of whom Energy Development Company and the other shareholder each are entitled to appoint two directors, and the remaining director shall be employee representative director. Its ordinary board resolutions shall be approved by more than half of all the directors, and special board resolutions shall be approved by more than two-thirds of all the directors.

New Energy Company amended its articles of association in May 2022. Pursuant to the amended articles of association, its general meeting has the highest authority. Ordinary resolutions proposed at the general meeting shall be approved by more than half of the shareholders with voting rights, and special resolutions proposed at the general meeting shall be approved by more than two-thirds of the shareholders with voting rights, where special resolutions include issue of corporate bonds. Members of the board of directors of New Energy Company increased from 5 to 7, of whom Energy Development Company and the other shareholder are entitled to appoint four and two directors, respectively, and the remaining director shall be employee representative director. Its ordinary board resolutions shall be approved by more than half of all the directors, and special board resolutions shall be approved by more than two-thirds of all the directors, where special board resolutions include the plan for issuing corporate bonds and investment and financing scheme.

Management of the Group considers that as neither the Group nor the other shareholder of New Energy Company is able to gain control over New Energy Company before and after amendments to its articles of association, New Energy Company is a joint venture of the Group.

Note 2: On 30 December 2021, Energy Development Company entered into the equity transfer agreement with Chengdu Communications Investment Shancheng Industrial Co., Ltd. ("Chengdu Shancheng Industrial"), pursuant to which, Energy Development Company agreed to acquire the 16% equity interests in Chengdu Teld held by Chengdu Shancheng Industrial, at a consideration of RMB60,902,400. The transaction has been completed in January 2022. Energy Development Company appointed one director on the board of directors of Chengdu Teld (comprising a total of five directors) to participate in its operation decision-making process. As the Group exercises significant control over the operation of Chengdu Teld, it is accounted for as an associate of the Group.

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2022

Unit: RMB

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

4. Intangible assets

	30 June 2022 (unaudited)
Cost	
Opening balance (audited)	8,084,925,279
Purchase	11,788,973
Other decrease	(900,983)
Closing balance	8,095,813,269
Accumulated amortisation	
Opening balance (audited)	2,029,160,033
Provision	132,716,341
Closing balance	2,161,876,374
Carrying amount	
At the end of the period	5,933,936,895
At the beginning of the period (audited)	6,055,765,246

As at 30 June 2022, the Group had restricted intangible assets with a carrying amount of RMB4,436,794,501 (31 December 2021: RMB4,525,741,893).

As at 30 June 2022, the carrying amount of the defective land included in the Group's intangible assets – land use right was RMB174,963,843 (31 December 2021: RMB179,878,032).

For the six months ended 30 June 2022, land use rights amortisation of RMB1,231,745 (six months ended 30 June 2021: RMB732,395) was included in construction in progress.

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2022

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

5. Other non-current assets

	Notes	30 June 2022 (unaudited)	31 December 2021 (audited)
Capital contribution advancement	1	70,000,000	–
Prepayment of land use right		14,996,639	23,726,085
Land use right held for sale	2	6,075,132	6,075,132
		91,071,771	29,801,217

Note 1: On 21 June 2022, the Company and Chengdu Communications Investment entered into the capital increase agreement with Shandong Huitong Financial Leasing Co., Ltd. (山東匯通金融租賃有限公司) and its shareholders, pursuant to which, the Company would make additional capital contribution of RMB70,000,000 to Shandong Huitong Financial Leasing Co., Ltd. to subscribe for RMB40,000,000 of its increased registered capital. Upon capital increase, the Company's proportion of equity interest in Shandong Huitong Financial Leasing Co., Ltd. would increase to 1.6%. As of 30 June 2022, the capital increase was still subject to approval by the China Banking and Insurance Regulatory Commission Shandong Office, and the Company has not obtained the corresponding shareholders' rights.

Note 2: On 22 November 2021, at the board meeting of Energy Development Company, it was resolved that Energy Development Company would make capital contribution to Zhongyou Jieneng with the land use right of the Natural Gas station located in the southwest region of the Western Park of High-tech Zone [Chuan (2017) Chengdu Shi Bu Dong Chan Quan No. 0377130]. On 31 December 2021, Energy Development Company entered into the capital increase agreement, pursuant to which, the capital increase shall be completed within eight months from the effective date of the agreement. Therefore, Energy Development Company classified the land use rights of the above plot of land as asset held for sale. As the asset was used to swap long-term equity investment, it was recorded in other non-current assets of the Group.

6. Accounts payable

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

	30 June 2022 (unaudited)	31 December 2021 (audited)
Within 1 year	63,463,326	59,191,725
Over 1 year	687,515,103	783,352,902
	750,978,429	842,544,627

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2022

Unit: RMB

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

7. Non-current liabilities due within one year

	30 June 2022 (unaudited)	31 December 2021 (audited)
Long-term borrowings due within one year	131,400,000	236,000,000
Lease liabilities due within one year	8,465,285	8,633,352
Land occupation compensation due within one year	9,122,232	9,109,038
	148,987,517	253,742,390

8. Other current liabilities

	30 June 2022 (unaudited)	31 December 2021 (audited)
Principal of debentures payable	300,000,000	–
Interest of debentures payable	603,863	–
	300,603,863	–

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 paid in one lump sum upon maturity. Chengdu Communications Investment provided irrevocable joint liability guarantees for the debentures at nil consideration.

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2022

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

9. Long-term borrowings

	Notes	30 June 2022 (unaudited)	31 December 2021 (audited)
Pledged borrowings	1	2,195,400,000	2,523,000,000
Guaranteed borrowings		252,000,000	288,000,000
Unsecured borrowings	2	117,000,000	157,000,000
		2,564,400,000	2,968,000,000
Less: Long-term borrowings due within one year		131,400,000	236,000,000
		2,433,000,000	2,732,000,000

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

	30 June 2022 (unaudited)	31 December 2021 (audited)
Due within 1 year (inclusive)	131,400,000	236,000,000
Due within 2 years (inclusive)	208,000,000	253,000,000
Due within 3 to 5 years (inclusive of 3 and 5 years)	716,000,000	812,000,000
Over 5 years	1,509,000,000	1,667,000,000
	2,564,400,000	2,968,000,000

As at 30 June 2022, the above borrowings carried an annual interest rate ranging from 3.66% to 4.41% (31 December 2021: 3.66% to 4.41%).

Note 1: The pledged borrowings are pledged by intangible assets detailed in Note VI.4, of which bank borrowings of RMB1,642,400,000 (31 December 2021: RMB1,710,000,000) obtained by Chengming Expressway Company were guaranteed by Chengdu Communications Investment.

Note 2: As at 30 June 2022, guaranteed borrowings of RMB117,000,000 (31 December 2021: RMB157,000,000) guaranteed by Chengwenqiong Expressway Company and the Company were obtained.

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2022

Unit: RMB

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

10. Other non-current liabilities

	30 June 2022 (unaudited)	31 December 2021 (audited)
Related party borrowings	83,903,407	82,824,270
Advanced rental	50,608,176	51,771,723
Permanent land occupation compensation	50,390,870	53,902,006
	184,902,453	188,497,999

As at 30 June 2022, the principal and interest of the borrowings granted to Chengming Expressway Company by Chengdu Expressway Construction totaled RMB83,903,407 (31 December 2021: RMB82,824,270). Pursuant to the borrowing agreement, the borrowings carry an annual interest rate of 4.75% and will mature on 30 April 2024 with principal and interest to be paid in one lump sum upon maturity. The borrowing agreement stipulates that Chengdu Expressway Construction may demand early repayment based on the actual condition of Chengming Expressway Company. In December 2021 and June 2022, Chengming Expressway Company and Chengdu Expressway Construction entered into supplemental agreements, pursuant to which Chengdu Expressway Construction shall not demand repayment of principal and interests of the borrowings by Chengming Expressway Company before 31 December 2022 and 31 December 2023.

11. Unappropriated profit

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Unappropriated profit at the end of the preceding year and beginning of the current period	1,308,271,876	933,904,013
Net profit attributable to shareholders of the Company	291,675,730	320,866,053
Less: Cash dividends payable	233,510,382	200,388,342
Unappropriated profit at the end of the period	1,366,437,224	1,054,381,724

Pursuant to the resolution approved at the shareholders' general meeting on 13 May 2022, the Company would pay cash dividends of RMB0.141 per share to all the shareholders, totaling RMB233,510,382 based on the total share capital of the Company of 1,656,102,000. As of 30 June 2022, RMB227,080,656 out of the aforesaid cash dividends were yet to be paid.

On 25 August 2022, the board of directors of the Company did not recommend the payment of dividends for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2022

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

12. Revenue

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Revenue from principal business	1,352,722,782	1,318,009,962
Revenue from other business	21,048,528	21,760,507
	1,373,771,310	1,339,770,469

Revenue is presented as follows:

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Revenue from contracts with customers	1,366,837,521	1,335,963,782
Revenue from lease of assets	6,933,789	3,806,687
	1,373,771,310	1,339,770,469

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2022

Unit: RMB

VI. 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 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	35,636,092	1,265,294	36,901,386
Revenue from sales of refined oil	–	688,698,514	688,698,514
Revenue from convenience stores	–	11,999,483	11,999,483
Other revenue	354,302	495,660	849,962
	664,378,570	702,458,951	1,366,837,521
Timing of revenue recognition			
At a point in time	628,742,478	701,193,657	1,329,936,135
Over time	35,636,092	1,265,294	36,901,386
	664,378,570	702,458,951	1,366,837,521

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2022

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

12. Revenue (Continued)

Six months ended 30 June 2021 (unaudited)

Reporting segment	Expressway segment	Energy segment	Total
Major revenue sources			
Toll income	686,125,671	–	686,125,671
Revenue from operation and management services	30,021,388	–	30,021,388
Revenue from sales of refined oil	–	560,165,983	560,165,983
Revenue from trading activities	–	41,696,920	41,696,920
Revenue from convenience stores	–	13,673,637	13,673,637
Other revenue	–	4,280,183	4,280,183
	716,147,059	619,816,723	1,335,963,782
Timing of revenue recognition			
At a point in time	686,125,671	619,816,723	1,305,942,394
Over time	30,021,388	–	30,021,388
	716,147,059	619,816,723	1,335,963,782

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

Toll income

Performance obligations are satisfied when customers travel through the expressways. Toll payment is settled when customers travel through the expressways.

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, and the contract price shall be settled subject to the contractual agreement.

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2022

Unit: RMB

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

13. Gains/(Losses) from disposal of assets

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Profit or loss on disposal of right-of-use assets	689,862	(1,109)
Profit or loss on disposal of fixed assets	-	(60,680)
	689,862	(61,789)

14. Income tax expenses

A breakdown of income tax expenses is set out below:

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Current income tax expense	51,324,074	66,466,400
Deferred income tax	(640,855)	(3,693,307)
	50,683,219	62,773,093

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2022

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

15. 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 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Net profit attributable to shareholders of the Company	291,675,730	320,866,053
Number of ordinary shares in issue	1,656,102,000	1,656,102,000
Basic earnings per share	RMB0.18	RMB0.19

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

16. Cash and cash equivalents

	30 June 2022 (unaudited)	30 June 2021 (unaudited)
Cash	1,621,761,185	1,659,960,920
Including: Cash on hand	24,725	20,248
Bank deposits on demand	1,620,085,213	1,656,798,897
Other currency funds on demand	1,651,247	3,141,775
Cash equivalents	308,000,000	21,916,298
Including: Time deposits with maturity within three months	248,000,000	-
Time deposits with maturity over three months	60,000,000	21,916,298
Balance of cash and cash equivalents at the end of the period	1,929,761,185	1,681,877,218
Less: Time deposits with maturity over three months	60,000,000	21,916,298
Balance of cash and cash equivalents at the end of the period in the consolidated statement of cash flows	1,869,761,185	1,659,960,920

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2022

Unit: RMB

VII. SEGMENT REPORTING

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

Six months ended 30 June 2021 (unaudited)

	Expressway segment	Energy segment	Adjustment and eliminations	Total
Revenue from external customers	723,379,235	616,391,234	–	1,339,770,469
Inter-segment transaction revenue	325,959	–	(325,959)	–
Total profit	344,482,179	41,528,314	32,444,641	418,455,134
Income tax expenses	53,923,820	12,542,580	(3,693,307)	62,773,093

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2022

VIII. FAIR VALUES

1. Fair value of financial instruments

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

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

	30 June 2022 (unaudited)		31 December 2021 (audited)	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Other non-current financial assets	19,990,000	19,990,000	13,950,700	13,950,700
Long-term receivables	-	-	2,150,000	2,150,000
Financial liabilities				
Long-term borrowings	2,433,000,000	2,357,072,996	2,732,000,000	2,627,155,767
Other non-current liabilities	83,903,407	80,658,986	82,824,270	78,860,462

During the period from 1 January to 30 June 2022, there was no change in the valuation methods, input levels and valuation process underlying fair value measurement.

2. Fair value hierarchy

The fair value hierarchy of the non-current portion of the Group's financial assets and financial liabilities whose fair value has been disclosed is regarded as Level 3, which requires a substantial number of unobservable inputs as at the end of the reporting period. The fair value hierarchy of other non-current financial assets at fair value through profit or loss requires considerable unobservable inputs (Level 3). The significant unobservable inputs used in fair value measurement are the price-to-earnings ratio and liquidity discount of comparable listed companies. With all other variables remaining unchanged, it is estimated that an increase/(decrease) of price-to-earnings ratio and a decrease/(increase) of liquidity discount will lead to an increase/(decrease) of fair value of financial assets at fair value through profit or loss.

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2022

Unit: RMB

VIII. FAIR VALUES (Continued)

2. Fair value hierarchy (Continued)

In the persistent measurement of level-3 fair value, gain or loss 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 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Gain or loss included in the profit or loss for the current period	6,039,300	—
Changes in the unrealised gain or loss for the current period from financial assets held at the end of the period	6,039,300	—

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS

1. Related party relationship

Related parties with whom transactions are conducted:

	Related party relationship
Chengdu Communications Investment	Ultimate parent company
Chengdu Expressway Construction	Parent company
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 Road and Bridge Management Co., Ltd. ("Chengdu Road & Bridge")	Under common control of Chengdu Expressway Construction
Chengdu Jiuhe	An associate of a subsidiary
Zhongyou Jieneng	An associate of a subsidiary
Chengdu Huaguan Industrial Co., Ltd. ("Huaguan Industrial")	A non-controlling shareholder of a subsidiary (prior to 13 August 2021)
Chengdu Petroleum Corporation ("Chengdu Petroleum")	A subsidiary of Huaguan Industrial
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 Communications Information Port Co., Ltd. ("Information Port Company")	Under common control of Chengdu Communications Investment
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

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2022

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

1. Related party relationship (Continued)

	Related party relationship
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
Chengdu Communications Investment Western Rail Transit Industry Development Group Co., Ltd. ("Communications Investment Western Rail")	Under common control of Chengdu Communications Investment
Sichuan Zhengda Detection Technology Co., Ltd. ("Zhengda Detection")	Under common control of Chengdu Communications Investment

Prior to 13 August 2021, Huaguan Industrial is a non-controlling shareholder of Communications Investment Energy, a subsidiary of the Group, and the Group accounted for it as a related party as the Group conducted major transactions with it. On 13 August 2021, the non-controlling shareholder of Communications Investment Energy was changed from Huaguan Industrial to Yanchang Shell, and Yanchang Shell became a related party of the Group.

For details regarding joint ventures and associates, please refer to Note VI. 3 to these financial statements.

2. Major transactions between the Group and related parties

(1) Sale of refined oil to related parties

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Xinhua Petrol Station	9,007,610	–
Huamin Petrol Station	4,864,681	–
Huaguan Industrial	–	30,527
	13,872,291	30,527

The price of refined oil charged by the Group to Xinhua Petrol Station, Huamin Petrol Station and Huaguan Industrial was negotiated based on market price.

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2022

Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

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

(2) Rendering of services to related parties

	Notes	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Chengdu Communications Investment	(2)a	–	326,286
Xinhua Petrol Station	(2)b	734,413	–
Huamin Petrol Station	(2)b	530,881	–
		1,265,294	326,286

(2)a : Pursuant to the entrusted management agreement, the management services fees charged by the Group to Chengdu Communications Investment were based on market price.

(2)b : The operation and management service fees charged by the Group to Xinhua Petrol Station and Huamin Petrol Station were negotiated based on market price.

(3) Provision of property leasing services to related parties

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Communications Investment Intelligent Parking	3,948	52,450
Xingjin Intelligent Parking Lot	48,002	57,603
	51,950	110,053

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

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2022

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

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

(4) Purchase of goods from related parties

	Notes	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Yanchang Shell	(4)a	230,566	–
PetroChina	(4)a	359,799,176	312,126,464
PetroChina	(4)b	756,425	1,098,141
		360,786,167	313,224,605

(4)a: Prices paid by Zhongyou Energy, Energy Operation and Communications Investment Energy, subsidiaries of the Group, to PetroChina and Yanchang Shell for purchase of oil products were negotiated based on market price.

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

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2022

Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

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

(5) Guarantee provided by a related party

Acceptance of the guarantee provided by a related party

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Chengdu Communications Investment	1,943,003,863	1,741,000,000

As at 30 June 2022, bank borrowings of the Group in an amount of RMB1,642,400,000 (31 December 2021: RMB1,710,000,000) was guaranteed by Chengdu Communications Investment at nil consideration. For details, please refer to Note VI. 9.

As at 30 June 2022, the ultra-short-term debentures issued by the Group in a principal amount of RMB300,000,000 and interest accrued thereon of RMB603,863 (31 December 2021: Nil) was guaranteed by Chengdu Communications Investment at nil consideration. For details, please refer to Note VI. 8.

(6) Interest expenses to related parties

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Chengdu Communications Investment	681,417	56,333
Chengdu Expressway Construction	1,079,137	1,113,215
	1,760,554	1,169,548

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

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2022

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

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

(7) Borrowings from/(repayment to) a related party

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Chengdu Communications Investment	(40,000,000)	40,000,000

In June 2021, Energy Operation, a subsidiary of the Company, borrowed RMB40,000,000 from Chengdu Communications Investment for a term of one year and at an annual interest rate of 3.9% with principal and interest to be paid in one lump sum upon maturity. The borrowing has been repaid in June 2022.

(8) Interest income from a related party

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Chengdu Jiuhe	48,704	51,063

(9) Purchase of equity interests from a related party

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Chengdu Shancheng Industrial	60,902,400	–

The consideration paid for acquisition of the 16% equity interests in Chengdu Teld was negotiated between the Group and Chengdu Shancheng Industrial with reference to the valuation conducted by independent valuers on the equity interests of Chengdu Teld.

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2022

Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

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

(10) Acceptance of property leasing service from a related party

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Chengdu Transportation Junction	3,463,060	2,256,712

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

The non-short-term lease contract entered into between the Group and Chengdu Transportation Junction was accounted for as right-of-use assets. For the six months ended 30 June 2022, the Group paid rental of RMB1,665,811 (six months ended 30 June 2021: RMB318,911) to Chengdu Transportation Junction thereunder.

(11) Acceptance of property management and other services from related parties

	<i>Notes</i>	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Communications Assets Management	<i>(11)a</i>	1,661,734	1,757,830
Chengdu Transportation Junction	<i>(11)a</i>	230,231	188,857
Communications Survey Design Institute	<i>(11)b</i>	1,274,022	50,400
		3,165,987	1,997,087

(11)a: The property management and other general services fees payable by the Group to Communications Assets Management and Chengdu Transportation Junction are based on the market price of similar services in similar locations.

(11)b: The design service fee paid by the Group to Communications Survey Design Institute was negotiated based on market price.

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2022

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

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

(12) Construction compensation from a related party

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Information Port Company	–	2,753,073

On 6 May 2021, each of the Company and Chengdu Airport Expressway Company entered into the road property compensation agreement with Information Port Company, pursuant to which, Information Port Company shall pay the Company and Chengdu Airport Expressway Company RMB1,796,874 and RMB956,199, respectively for temporary land occupation and greening compensation in accordance with the Notice on Compensation for Damage and Occupation of Road Property (Cheng Fa Gai Shou Fei (2012) No. 958) to make compensation for damage of road properties and land occupation of Chengguan Expressway and Chengdu Airport Expressway during construction.

(13) 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

	<i>Notes</i>	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
PetroChina	(13)a	1,975,194	1,545,146
Yanchang Shell	(13)a	18,000	–
		1,993,194	1,545,146

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2022

Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

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

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

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

	Notes	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Chengdu Tongneng	(13)a	304,108	–
Zhengda Detection	(13)b	147,823	–
Sinopec Chengdu Energy Communications Investment Construction Industry	(13)a	146,228	146,228
	(13)b	63,503	–
New Energy Company	(13)a	1,694	–
Chengdu Jiaoyun CNG	(13)a	–	132,000
Communications Investment Western Rail	(13)b	–	10,670
		663,356	288,898

(13)a: The Group dispatches labor to associates and joint ventures, and at the same time, Zhongyou Energy and Communications Investment Energy, subsidiaries of the Group, also accepts labor dispatched by PetroChina and Yanchang Shell, their respective non-controlling shareholders. The salary of the dispatched labor shall be borne by the service recipients. As external laborers 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.

(13)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

Unit: RMB

Six months ended 30 June 2022

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

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

(14) Settlement by refill cards and electronic coupons

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
PetroChina	176,574,819	129,868,419

Zhongyou Energy, a subsidiary of the Group, 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.

3. Balance of amount due from or to related parties

(1) Accounts receivable

	30 June 2022 (unaudited)	31 December 2021 (audited)
Huamin Petrol Station	1,148,300	–
Xinhua Petrol Station	574,000	–
Huaguan Industrial	474,458	474,458
	2,196,758	474,458
Less: Provision for bad debt of accounts receivable	474,458	474,458
	1,722,300	–

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2022

Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

3. Balance of amount due from or to related parties (Continued)

(2) Other receivables

	30 June 2022 (unaudited)	31 December 2021 (audited)
Chengdu Petroleum	45,748,474	45,750,912
Xinhua Petrol Station	778,478	–
Huamin Petrol Station	562,734	–
Communications Assets Management	351,170	199,047
Chengdu Transportation Junction	137,754	137,754
Communications Investment Intelligent Parking	–	57,171
Zhongyou Jieneng	–	2,476,800
	47,578,610	48,621,684
Less: Provision for bad debt of other receivables	45,748,474	45,750,912
	1,830,136	2,870,772

(3) Other payables

	30 June 2022 (unaudited)	31 December 2021 (audited)
Yanchang Shell	53,458,500	10,032,938
Chengdu Communications Investment	4,601,217	56,294,390
Chengdu Transportation Junction	1,797,249	–
Information Port Company	782,202	782,202
Communications Assets Management	242,229	63,516
Communications Survey Design Institute	50,000	50,000
Zhengda Detection	50,000	50,000
Chengdu Road & Bridge	41,560	41,560
Xingjin Intelligent Parking Lot	10,000	58,002
	61,032,957	67,372,608

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2022

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

3. Balance of amount due from or to related parties (Continued)

(4) Contract liabilities

	30 June 2022 (unaudited)	31 December 2021 (audited)
Chengdu Communications Investment	1,539,109	–

(5) Prepayments

	30 June 2022 (unaudited)	31 December 2021 (audited)
PetroChina	67,940,302	41,472,462
Communications Assets Management	129,500	313,644
Chengdu Transportation Junction	–	294,256
	68,069,802	42,080,362

(6) Accounts payable

	30 June 2022 (unaudited)	31 December 2021 (audited)
Information Port Company	6,752,821	8,245,492
Zhengda Detection	923,628	923,628
Communications Survey Design Institute	922,546	119,800
	8,598,995	9,288,920

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2022

Unit: RMB

IX. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

3. Balance of amount due from or to related parties (Continued)

(7) Long-term receivables

	30 June 2022 (unaudited)	31 December 2021 (audited)
Chengdu Jiuhe	–	2,150,000
Less: Non-current assets due within one year	–	–
	–	2,150,000

(8) Other non-current liabilities

	30 June 2022 (unaudited)	31 December 2021 (audited)
Chengdu Expressway Construction	83,903,407	82,824,270

(9) Lease liabilities

	30 June 2022 (unaudited)	31 December 2021 (audited)
Chengdu Transportation Junction	10,004,741	12,469,788

NOTES TO FINANCIAL STATEMENTS

Unit: RMB

Six months ended 30 June 2022

X. CONTINGENT LIABILITIES

On 14 August 2014, Energy Development Company issued the “Letter of Undertakings on Solving Issues concerning Project Lands of Communications Investment Energy” (the “Undertaking”) to Huaguan Industrial, the then non-controlling shareholder of Communications Investment Energy. Pursuant to the Undertaking, 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 Undertaking, 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 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.

As of 30 June 2022, the court has not made a judgment on the lawsuit. Based on the advice of the legal adviser, the Group considers that Energy Development Company has a legitimate defense against the lawsuit, and the case will probably be ruled in favor of Energy Development Company. In conclusion, the Group did not make provision in this regard.

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.

XI. COMMITMENTS

	30 June 2022 (unaudited)	31 December 2021 (audited)
Contracted but not provided for Capital commitments	103,955,246	169,408,610

NOTES TO FINANCIAL STATEMENTS

Six months ended 30 June 2022

Unit: RMB

XII. EVENTS AFTER THE BALANCE SHEET DATE

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 borne by Xuyang Petrification. As of 30 June 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. As of the approval date of these financial statements, the court has not awarded a judgement. Based on the advice of the legal advisers of the Group, the management of the Company considered that the case will not have a material negative impact on the Group’s operation and financial condition.

XIII. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the board of directors of the Company on 25 August 2022.

CORPORATE INFORMATION

DIRECTORS

Executive Directors

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

Non-executive Directors

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

Independent non-executive Directors

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

JOINT COMPANY SECRETARIES

Mr. Zhang Guangwen
Ms. Kwong Yin Ping, Yvonne

AUDIT AND RISK MANAGEMENT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION AND EVALUATION COMMITTEE

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

STRATEGY AND DEVELOPMENT COMMITTEE

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

SUPERVISORY COMMITTEE

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

AUTHORISED REPRESENTATIVES

Mr. Luo Dan
Mr. Zhang Guangwen

AUDITOR

Ernst & Young Hua Ming LLP

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

PRINCIPAL BANKS

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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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