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

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

**(Stock Code: 01785)**

**2019 ANNUAL RESULTS ANNOUNCEMENT**

**HIGHLIGHTS**

- In 2019, the Group achieved toll income of RMB1,255,926,000, representing a year-on-year increase of 27.4%.
- In 2019, the Group recorded total comprehensive income for the year attributable to owners of the Company of RMB438,791,000, representing a year-on-year increase of 5.6%.
- In 2019, basic and diluted earnings per Share were RMB0.268, representing a year-on-year decrease of RMB0.078 per share.
- The Board recommended a final cash dividend for 2019 of RMB198,732,240 in total, and based on the Company's current total number of Shares of 1,656,102,000, RMB0.12 per Share (tax inclusive).

The Board hereby announces the audited consolidated results of the Group for the year ended 31 December 2019, prepared under the International Financial Reporting Standards, together with the comparative figures for the previous year as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
*Year ended 31 December 2019*

	<i>Notes</i>	<b>2019</b> <b>RMB'000</b>	2018 <i>RMB'000</i>
<b>REVENUE</b>	3	<b>1,255,926</b>	1,830,227
Cost of sales		<u>(553,964)</u>	<u>(1,236,013)</u>
Gross profit		<b>701,962</b>	594,214
Other income and gains	3	<b>86,394</b>	33,743
Administrative expenses		<b>(68,647)</b>	(53,587)
Other expenses		<b>(12,481)</b>	(1,518)
Finance costs	4	<b>(134,866)</b>	(71,701)
Share of (loss)/profit of an associate		<u>(352)</u>	<u>21,916</u>
<b>PROFIT BEFORE TAX</b>	5	<b>572,010</b>	523,067
Income tax expense	6	<u>(100,908)</u>	<u>(77,025)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>471,102</b></u>	<u>446,042</u>
Other comprehensive income		<u>–</u>	<u>–</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>471,102</b></u>	<u>446,042</u>
Total comprehensive income attributable to:			
Owners of the Company		<b>438,791</b>	415,488
Non-controlling interests		<u>32,311</u>	<u>30,554</u>
		<u><b>471,102</b></u>	<u>446,042</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
– Basic and diluted	8	<u><b>RMB0.268</b></u>	<u>RMB0.346</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	<i>Notes</i>	<b>2019</b>	2018
		<b>RMB'000</b>	<b>RMB'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		359,967	256,348
Right-of-use assets	9	70,702	–
Goodwill	10	34,026	–
Service concession arrangements	11	5,925,770	3,334,730
Software		515	333
Investment in an associate		106,064	126,141
Financial assets at fair value through profit or loss		500	500
Long-term receivable		–	230,247
Deferred tax assets		9,068	336
		<hr/>	<hr/>
Total non-current assets		<b>6,506,612</b>	3,948,635
<b>CURRENT ASSETS</b>			
Trade receivables	12	51,059	32,664
Prepayments, other receivables and other assets	13	270,830	254,262
Cash and cash equivalents		1,506,513	958,615
		<hr/>	<hr/>
Total current assets		<b>1,828,402</b>	1,245,541
<b>CURRENT LIABILITIES</b>			
Trade payables	14	952,662	1,006,227
Other payables and accruals	15	156,503	100,471
Interest-bearing bank and other borrowings	16	257,157	225,000
Lease liabilities	9	3,039	–
Tax payable		45,773	12,032
		<hr/>	<hr/>
Total current liabilities		<b>1,415,134</b>	1,343,730
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<hr/> <b>413,268</b>	<hr/> (98,189)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/> <b>6,919,880</b>	<hr/> 3,850,446
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	16	2,757,560	1,328,500
Deferred income	15	120,224	54,072
Lease liabilities	9	32,055	–
Deferred tax liabilities		194,035	3,496
		<hr/>	<hr/>
Total non-current liabilities		<b>3,103,874</b>	1,386,068
Net assets		<hr/> <b>3,816,006</b>	<hr/> 2,464,378

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***31 December 2019*

	<i>Notes</i>	<b>2019</b> <b>RMB'000</b>	2018 <i>RMB'000</i>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	<i>17</i>	<b>1,656,102</b>	1,200,000
Reserves	<i>18</i>	<b>1,643,892</b>	1,129,411
		<hr/>	<hr/>
		<b>3,299,994</b>	2,329,411
Non-controlling interests		<b>516,012</b>	134,967
		<hr/>	<hr/>
Total equity		<b>3,816,006</b>	2,464,378
		<hr/> <hr/>	<hr/> <hr/>

## NOTES TO FINANCIAL STATEMENTS

### 1. CORPORATE AND GROUP INFORMATION

Chengdu Expressway Co., Ltd. (the “**Company**”) is a joint stock company with limited liability established in the People’s Republic of China (the “**PRC**”). The Company’s H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) on 15 January 2019.

The registered office of the Company is located at 1 Kexin Road, High-Tech Zone, Chengdu, Sichuan, the PRC. The principal place of business of the Company in Hong Kong is located at 40th Floor, Sunlight Tower, No. 248 Queen’s Road East, Wanchai, Hong Kong.

During the year, the Company and its subsidiaries (“**Group**”) were involved in the management and operation of expressways in Mainland China.

In the opinion of the directors of the Company (“**Directors**”), the parent company of the Company is Chengdu Expressway Construction. The ultimate controlling shareholder of the Company is Chengdu Communications, which is wholly owned by the State-owned Assets Supervision and Administration Commission of Chengdu Municipal Government.

#### 2.1 BASIS OF PRESENTATION

As disclosed in note 19 to the financial statements, a business combination under common control was effected during the current year, where the business acquired in the business combination and the Company are both controlled by Chengdu Expressway Construction, the parent company of the Company.

To consistently apply the Group’s accounting policy for common control business combinations, the acquisition has been accounted for based on the principles of merger accounting in accordance with Accounting Guideline 5 Merger Accounting for Common Control Combinations issued by the HKICPA as if the acquisition had occurred when the combining entity first came under the control of Chengdu Expressway Construction i.e., 7 May 2019. Accordingly, the assets and liabilities acquired in the common control business combination have been stated at their carrying amounts as if they had been held or incurred by the Group from the later of the date on which the combining entity first came under the control of Chengdu Expressway Construction or the relevant transactions giving rise to the assets or liabilities arose. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the acquisition by the Group.

#### 2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”), which comprise standards and interpretations approved by the International Accounting Standards Board (“**IASB**”), and International Accounting Standards (“**IASs**”) and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to nearest thousand except when otherwise indicated.

### 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	<i>Definition of a Business</i> <sup>1</sup>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i> <sup>1</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>
IFRS 17	<i>Insurance Contracts</i> <sup>3</sup>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i> <sup>1</sup>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>4</sup> No mandatory effective date yet determined but available for adoption

### 3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>		
Toll income		
– Chengguan Expressway	307,940	330,542
– Chengpeng Expressway	238,312	113,154
– Chengwenqiong Expressway	433,933	398,093
– Chengdu Airport Expressway	142,570	144,109
– Qiongming Expressway	133,171	–
	<u>1,255,926</u>	<u>985,898</u>
Sub-total		
	<u>1,255,926</u>	<u>985,898</u>
Construction revenue in respect of service concession arrangements	–	844,329
	<u>–</u>	<u>844,329</u>
	<u><u>1,255,926</u></u>	<u><u>1,830,227</u></u>

## Revenue from contracts with customers

### (i) Disaggregated revenue information

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
<b>Type of revenue</b>		
Toll income	1,255,926	985,898
Construction services	—	844,329
	<hr/>	<hr/>
Total revenue from contracts with customers	<b>1,255,926</b>	1,830,227
	<hr/> <hr/>	<hr/> <hr/>

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
<b>Timing of revenue recognition</b>		
At a point in time	1,255,926	985,898
Over time	—	844,329
	<hr/>	<hr/>
Total revenue from contracts with customers	<b>1,255,926</b>	1,830,227
	<hr/> <hr/>	<hr/> <hr/>

### (ii) Performance obligations

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

#### *Toll income*

Toll income is recognised at the point in time when the relevant services have been provided and the Group received the payment or the right to receive payment has been established. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

#### *Construction revenue in respect of service concession arrangements*

The performance obligation is satisfied over time as construction services are rendered when the Group's performance creates and enhances an asset that the customer controls as the construction and upgrade services are performed.

There were no unsatisfied or partially unsatisfied performance obligations as at 31 December 2019 and 2018.

An analysis of other income and gains is as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
<i>Other income and gains</i>		
Interest income from a long-term receivable	11,440	5,548
Bank interest income	36,842	10,820
Compensation income for road damage and temporary road occupation	17,223	2,656
Rental income	11,641	9,371
Deferred income released to profit or loss	4,240	4,062
Gain on disposal of item of property, plant and equipment	313	–
Miscellaneous	4,695	1,286
	<hr/>	<hr/>
Other income and gains	86,394	33,743
	<hr/>	<hr/>
Total revenue, other income and gains	<u>1,342,320</u>	<u>1,863,970</u>

#### 4. FINANCE COSTS

An analysis of finance costs is as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Interest expenses on bank loans and other borrowings	133,040	73,038
Less: Interest capitalised	–	(1,337)
	<hr/>	<hr/>
	133,040	71,701
	<hr/>	<hr/>
Interest on lease liabilities	1,826	–
	<hr/>	<hr/>
	134,866	71,701
	<hr/>	<hr/>
Interest rate of borrowing costs capitalised	–	4.75%
	<hr/>	<hr/>



## 5. PROFIT BEFORE TAX

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

	<i>Notes</i>	<b>2019</b> <b>RMB'000</b>	2018 RMB'000
Cost of operating service		553,964	391,684
Construction costs in respect of service concession arrangements		—	844,329
		<u>553,964</u>	<u>1,236,013</u>
Cost of sales			
Employee benefit expense (including Directors' and supervisors' remuneration):			
Wages, salaries and allowances, social security and benefits		162,291	135,930
Pension scheme contributions (Defined contribution fund)		23,388	23,294
Other staff benefits		34,695	29,324
		<u>220,374</u>	<u>188,548</u>
Depreciation in respect of:			
– property, plant and equipment		38,697	18,266
– right-of-use assets	9	5,231	—
Amortisation in respect of:			
– service concession arrangements	11	237,679	145,463
– software		220	410
Impairment loss on other receivable		371	—
Listing fees expensed off		—	1,891
Loss on disposal and write-off of items of property, plant and equipment		1,087	30
Auditor's remuneration		2,594	1,100
Minimum lease payments under operating leases of land and office		—	3,803
Foreign exchange losses		8,968	—
Bank interest income		(36,842)	(10,820)
		<u><u>220,374</u></u>	<u><u>188,548</u></u>

## 6. INCOME TAX

No Hong Kong profits tax has been provided as no assessable profits were earned in or derived from Hong Kong during the Year.

Except for Chengpeng Expressway Company and Chengming Expressway Company as further described below, the Company and its subsidiaries and associate were entitled to a preferential tax rate of 15% during the Year. Pursuant to the Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies of the State Administration of Taxation, the Ministry of Finance and General Administration of Customs (Cai Shui [2011] No. 58) (the "Circular"), the tax preferential treatments for the Western Region Development are valid until 2020. According to the Circular, "from 1 January 2011 to 31 December 2020, corporate income tax may be levied at a reduced tax rate of 15% for enterprises established in the western region and engaged in encouraged industries. The above-mentioned industries shall refer to enterprises whose principal businesses are the industrial projects prescribed in the Catalogue of Encouraged Industries in the Western Region (the "Catalogue") approved by the State Council, and shall be implemented as of 1 October 2014 and Revised Catalogue of Encouraged Industries in the Western Region approved by the State Council, and shall be implemented as of 28 July 2017, the income from which accounts for more than 70% of the total income of such enterprises."

For entities within the scope of the transportation industry, i.e., the Company, Chengwenqiong Expressway Company and Chengdu Airport Expressway Company and Chengdu Chengbei Exit Expressway, an associate of the Company, which have been approved to enjoy the preferential tax rate of 15% before 2012, as they have not changed their business operations and their eligible revenue that fell within the scope accounted for more than 70% of their respective total revenue, income tax of these entities for the year continued to be calculated at a tax rate of 15%.

During the year, the directors considered that the eligible revenue derived by Chengpeng Expressway Company has not exceeded 70% of its total revenue due to the government grant received related to the expansion project of Chengpeng Expressway, and the provision for income tax expense of Chengpeng Expressway Company during the Year was calculated at the CIT rate of 25%.

During the Year, no provision for CIT has been made by Chengming Expressway Company as it did not generate any taxable income in Mainland China.

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

	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
Current – Mainland China		
Charge for the year	<b>99,642</b>	70,739
Under provision income tax in prior years	<b>8,706</b>	–
Deferred	<b>(7,440)</b>	6,286
	<u><b>100,908</b></u>	<u>77,025</u>
Total tax charge for the year	<b>100,908</b>	77,025

A reconciliation of the tax expense applicable to profit before tax using the statutory tax rate in Mainland China for companies within the Group to the tax expense at the effective tax rate is as follows:

	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
Profit before tax	<b>572,010</b>	523,067
Income tax charge at the statutory tax rate of 25%	<b>143,003</b>	130,767
Effect of preferential income tax rate of 15%	<b>(48,043)</b>	(49,112)
Expenses not deductible for tax	<b>49</b>	44
Adjustments in respect of current tax of previous years	<b>8,706</b>	–
Income not subject to tax	<b>(2,860)</b>	(1,387)
Loss/(profit) attributable to an associate	<b>53</b>	(3,287)
	<u><b>100,908</b></u>	<u>77,025</u>
Tax charge at the Group's effective tax rate	<b>100,908</b>	77,025

The share of tax attributable to an associate amounted to RMB3,868,000 during the year ended 31 December 2018 is included in "Share of profit of an associate" in profit or loss.

## 7. DIVIDENDS

	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
Proposed final – RMB0.12 (2018: RMB0.13) per ordinary share	<b>198,732</b>	215,293

The proposed final dividend for the Year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company of RMB438,791,000 (2018: RMB415,488,000), and the weighted average number of ordinary shares of 1,638,607,677 (2018: 1,200,000,000) in issue during the Year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2019 and 2018 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2019 and 2018.

## 9. LEASES

### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Year are as follows:

	Land <i>RMB'000</i>	Office premises <i>RMB'000</i>	Prepaid land lease payment <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2019	38,226	1,667	–	39,893
Additions	–	1,028	–	1,028
Effect of a business combination under common control ( <i>note 19</i> )	–	–	35,012	35,012
Depreciation charge	<u>(2,859)</u>	<u>(1,690)</u>	<u>(682)</u>	<u>(5,231)</u>
At 31 December 2019	<u>35,367</u>	<u>1,005</u>	<u>35,094</u>	<u>70,702</u>

As at 31 December 2019, there were no leases with residual value guarantees or leases not yet commenced to which the Group is committed.

### (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Year are as follows:

	<b>2019</b> <b><i>RMB'000</i></b>
As at 1 January 2019	<b>37,991</b>
New leases	<b>1,028</b>
Accretion of interest recognised during the Year	<b>1,826</b>
Payments	<u><b>(5,751)</b></u>
As at 31 December 2019	<u><b>35,094</b></u>
Analysed into:	
Current portion	<b>3,039</b>
Non-current portion	<u><b>32,055</b></u>

## 10. GOODWILL

	2019 RMB'000
Cost and net carrying amount at 1 January	–
Effect of a business combination under common control (note 19)	<u>34,026</u>
Cost and net carrying amount at 31 December	<u><u>34,026</u></u>

## 11. SERVICE CONCESSION ARRANGEMENTS

	2019 RMB'000	2018 RMB'000
<b>Cost:</b>		
At beginning of the year	4,542,384	4,522,754
Additions	–	842,992
Effect of a business combination under common control (note 19)	2,828,719	–
Fair value of a government grant related to an asset	–	(824,699)
Interest expenses capitalised	–	1,337
At end of the year	<u>7,371,103</u>	<u>4,542,384</u>
<b>Accumulated amortisation:</b>		
At beginning of the year	1,207,654	1,062,191
Charged for the year	237,679	145,463
At end of the year	<u>1,445,333</u>	<u>1,207,654</u>
<b>Net carrying amount:</b>		
At beginning of the year	<u>3,334,730</u>	<u>3,460,563</u>
At end of the year	<u><u>5,925,770</u></u>	<u><u>3,334,730</u></u>

The concession rights pertaining to certain expressways of the Group with net carrying amounts listed below were pledged to obtain interest-bearing secured bank loans and other borrowings granted to the Group (note 16(a)):

	2019 RMB'000	2018 RMB'000
Chengpeng Expressway	1,337,828	1,377,302
Chengwenqiong Expressway	1,140,153	1,206,341
Qiongming Expressway	2,369,666	–
	<u>4,847,647</u>	<u>2,583,643</u>

## 12. TRADE RECEIVABLES

Trade receivables are analysed by categories as follows:

	<b>2019</b> <i>RMB'000</i>	2018 <i>RMB'000</i>
Batch payment arrangements	<b>44,130</b>	27,100
Inter-network toll collection and Electronic Toll Collection (“ETC”) receivables	<b>6,929</b>	5,564
	<b>51,059</b>	32,664
Impairment allowance	–	–
	<b>51,059</b>	32,664

The Group’s trade receivables mainly arose from toll income receivables under the batch payment arrangements (the “**Arrangements**”) on Chengpeng Expressway and Chengwenqiong Expressway. In accordance with the Arrangements entered into between the Group and certain local government agencies in Chengdu, the relevant government agencies agreed to pay the Group an amount of a batch payment fee for a certain period in consideration for certain qualified passenger vehicles passing through these two expressways without toll payment. Under the Arrangements, the batch payment fee is determined by reference to the actual traffic information and the current toll fee standards of the relevant toll roads, factors affecting future traffic volumes, such as economic growth and consumption level forecast, changes of road network conditions and the potential upside impact on traffic volume. Toll income receivables under the Arrangements are settled in accordance with the credit period of 1 month to 3 months as specified in the relevant contracts governing the Agreements.

According to the Official Reply on Optimising and Adjusting the Government’s Batch Payment Policy for Chengdu Ring Expressway and Chengwenqiong Expressway (Chuan Jiao Han [2019] No.633) issued by the Sichuan Provincial Transportation Department, from 1 December 2019, Chengdu registered vehicles without an ETC device shall no longer be entitled to Chengdu government’s batch payment policy for Chengwenqiong Expressway. Instead, the toll payment shall be borne by the owners of Chengdu registered vehicles without an ETC device.

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

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

	<b>2019</b> <i>RMB'000</i>	2018 <i>RMB'000</i>
Within 3 months	<b>51,059</b>	32,664

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

	<b>2019</b> <i>RMB'000</i>	2018 <i>RMB'000</i>
Neither past due nor impaired	<b>51,059</b>	32,664

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

**13. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS**

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
<b><i>Current portion</i></b>		
Prepayment to suppliers	2,541	4,326
Due from related parties	4,804	–
Government grant receivable	241,687	200,000
Deferred listing fees	–	44,586
Rental income receivable	8,077	2,577
Interest receivable	9,218	567
Others	7,624	4,956
	<u>273,951</u>	<u>257,012</u>
Impairment allowance	(3,121)	(2,750)
	<u>270,830</u>	<u>254,262</u>
<b><i>Non-current portion</i></b>		
Government grant receivable	–	230,247
	<u>–</u>	<u>230,247</u>
	<u>270,830</u>	<u>484,509</u>

**14. TRADE PAYABLES**

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

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Within 3 months	128,878	66,516
3 to 6 months	1,439	312,765
6 to 12 months	22,708	273,523
Over 1 year	799,637	353,423
	<u>952,662</u>	<u>1,006,227</u>
Retention monies, included in trade payables	<u>25,590</u>	<u>28,313</u>

15. OTHER PAYABLES AND ACCRUALS

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
<b>Current portion</b>		
Payroll and welfare payables	40,816	11,041
Taxes and surcharge payables	24,468	26,140
Due to related parties	25,746	43
Inter-network toll collection payable	3,974	9,067
Deposits	25,736	16,812
Listing fees payable	–	11,844
Interest payable	3,271	1,464
Deferred income	8,700	4,062
Consultancy and professional fees	2,792	3,323
Others	21,000	16,675
	<u>156,503</u>	<u>100,471</u>
<b>Non-current portion</b>		
Deferred income	120,224	54,072
	<u>276,727</u>	<u>154,543</u>

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	2019			2018		
		Effective interest rate (%)	Maturity	<i>RMB'000</i>	Effective interest rate (%)	Maturity	<i>RMB'000</i>
<b>Current:</b>							
Bank loans – secured	(a)	4.41-4.90	2020	104,657	4.41-4.90	2019	35,000
Bank loans – unsecured	(b)	4.41-4.90	2020	32,500	4.41-4.90	2019	80,000
Other loans – secured	(c)	4.90	2020	120,000	4.90	2019	110,000
				<u>257,157</u>			<u>225,000</u>
<b>Non-Current:</b>							
Bank loans – secured	(a)	4.41-4.90	2021-2030	1,793,500	4.41-4.90	2020-2036	934,000
Bank loans – unsecured	(b)	4.41-4.90	2021-2030	192,000	4.41-4.90	2020-2025	274,500
Other loans – secured	(c)	4.90	2020	–	4.90	2020-2025	120,000
Other loan – unsecured	(d)	4.90	2020-2024	772,060			–
				<u>2,757,560</u>			<u>1,328,500</u>
				<u>3,014,717</u>			<u>1,553,500</u>

	<b>2019</b> <b>RMB'000</b>	2018 <i>RMB'000</i>
Analysed into:		
Bank loans repayable:		
Within one year	137,157	115,000
In the second year	209,000	147,500
In the third to fifth years, inclusive	882,000	400,000
Beyond five years	894,500	661,000
	<u>2,122,657</u>	<u>1,323,500</u>
Other borrowings repayable:		
Within one year	120,000	110,000
In the second year	–	120,000
In the third to fifth years, inclusive	772,060	–
	<u>892,060</u>	<u>230,000</u>
Total bank and other borrowings	<u><u>3,014,717</u></u>	<u><u>1,553,500</u></u>

*Notes:*

- (a) The bank loans were secured by the service concession rights disclosed in note 11 to the financial statements. In addition, the bank loan of approximately RMB1,114,157,000 as at 31 December 2019 (2018: N/A) was also guaranteed by Chengdu Communications at nil consideration.
- (b) The bank borrowings of approximately RMB224,500,000 as at 31 December 2019 (2018: RMB354,500,000) were guaranteed by the Company and Chengwenqiong Expressway Company at nil consideration.
- (c) The other borrowings of approximately RMB120,000,000 as at 31 December 2019 (2018: RMB230,000,000) were secured by the service concession arrangement of Chengwenqiong Expressway (note 11) with a net carrying amount of RMB1,140,153,000 as at 31 December 2019 (2018: RMB1,206,341,000)
- (d) The unsecured other loan represented interest-bearing loans received from Chengdu Expressway Construction in 2019.

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

## 17. ISSUED CAPITAL

	<b>2019</b> <b>RMB'000</b>	2018 <i>RMB'000</i>
Issued and fully paid:		
Domestic shares of 1,200,000,000 of RMB1.00 each	1,200,000	1,200,000
H shares of 456,102,000 of RMB1.00 each	456,102	–
	<u><u>1,656,102</u></u>	<u><u>1,200,000</u></u>

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



A summary of movements in the Group's issued capital during the Year is as follows:

	Number of shares in issue	Issued share capital RMB'000
At 1 January 2019	1,200,000,000	1,200,000
Initial public offering (note (a))	400,000,000	400,000
Exercise of the over-allotment option (note (b))	<u>56,102,000</u>	<u>56,102</u>
At 31 December 2019	<u><u>1,656,102,000</u></u>	<u><u>1,656,102</u></u>

Notes:

**(a) Initial Public Offering**

On 15 January 2019, 400,000,000 ordinary shares of par value RMB1 each were issued at a price of HK\$2.2 per share in connection with the Company's IPO. The proceeds of HK\$464,490,000 (equivalent to approximately RMB400,000,000), representing the par value, were credited to the Company's share capital. The remaining proceeds of approximately HK\$415,510,000 (equivalent to approximately RMB357,821,000) before issuing expenses were credited to the share premium account.

**(b) Over-allotment Offering**

On 12 February 2019, 56,102,000 over-allotment ordinary shares of par value RMB1 each were issued at a price of HK\$2.2 per share. The proceeds of HK\$64,967,400 (equivalent to approximately RMB56,102,000), representing the par value, were credited to the Company's share capital. The remaining proceeds of approximately HK\$58,457,000 (equivalent to approximately RMB50,480,000) before issuing expenses were credited to the share premium account.

**18. RESERVES**

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

**(a) Share premium**

The application of the share premium account is governed by the Company Law of the PRC. Under the constitutional documents and the Company Law of the PRC, the share premium is distributable as a dividend on the condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time the proposed dividend is to be paid.

**(b) Statutory reserve**

In accordance with the Company Law of the PRC and the respective articles of association of subsidiaries domiciled in Mainland China, each of the PRC subsidiaries is required to allocate 10% of its profit after tax, as determined in accordance with PRC Generally Accepted Accounting Principles ("GAAP"), to the statutory surplus reserve (the "SSR") until such reserve reaches 50% of its registered capital.

According to the articles of association of the subsidiaries located in Mainland China, the Company and the subsidiaries are required to allocate 10% of their profit after tax in accordance with PRC GAAP to the SSR.

The SSR is non-distributable except in the event of liquidation and subject to certain restrictions set out in the relevant PRC regulations. They can be used to offset accumulated losses or capitalised as paid-up capital.

**(c) Other reserve**

It represents the fair value of 40% of the share of identifiable net assets of Chengbei Exit Expressway Company's attributable share as at the acquisition date of RMB121,818,000.

(d) **Merger deficit**

It represents the difference between (i) the consideration of RMB429,777,000 paid by Chengdu Expressway Construction to acquire 51% equity interests in Chengming Expressway Company, (ii) after netting off the consideration of RMB485,143,000 paid to Chengdu Expressway Construction by the Group on the acquisition of 51% equity interests in Chengming Expressway Company.

**19. BUSINESS COMBINATION UNDER COMMON CONTROL**

On 16 December 2019, the Group acquired 51% equity interests in Chengming Expressway Company from Chengdu Expressway Construction for a consideration of RMB485,143,000. Chengming Expressway Company is engaged in the management and operation of Qiongming Expressway. The acquisition was made as part of the Company's development strategy to acquire high-quality expressways and will benefit the competition against the surrounding expressway.

As the Group and Chengming Expressway Company are under the common control of Chengdu Expressway Construction before and after the acquisition, the business combination has been accounted for in the consolidated financial statements of the Group as a business combination under common control based on the principles of merger accounting as if the acquisition had occurred when Chengming Expressway Company first came under the control of Chengdu Expressway Construction on 7 May 2019. On 7 May 2019, Chengdu Expressway Construction acquired the 100% equity interests in Chengming Expressway Company from independent third parties at a cash consideration of RMB842,700,000. Upon this acquisition and the business combination under common control effected on 16 December 2019, Chengming Expressway Company also became a subsidiary of the Group since 7 May 2019.

Under the principles of merger accounting, the assets and liabilities of Chengming Expressway Company are consolidated in the Group's financial statements using the existing book values as stated in the consolidated financial statements of Chengdu Expressway Construction immediately prior to the combination. The difference between the consideration paid by Chengdu Expressway Construction to acquire 51% equity interests in Chengming Expressway Company of RMB429,777,000 and the distribution to Chengdu Expressway Construction on the acquisition of 51% equity interests in Chengming Expressway Company of RMB485,143,000 amounted to RMB55,366,000. Such difference was recognised in the merger deficit account.

The following table shows the amount of goodwill recognised and fair values of the net identifiable assets and liabilities of Chengming Expressway Company as at the date when Chengming Expressway Company first came under the control of Chengdu Expressway Construction on 7 May 2019:

	<i>Notes</i>	<b>Fair values at 7 May 2019 RMB'000</b>
Property, plant and equipment		57,377
Right-of-use assets	9	35,012
Service concession arrangements	11	2,828,719
Trade receivables		2,269
Prepayments, other receivables and other assets		8,401
Cash and bank balances		111,831
Trade payables		(9,495)
Other payables and accruals		(9,776)
Interest-bearing bank and other borrowings		(1,995,374)
Deferred income		(63,734)
Deferred tax liabilities		(189,247)
		<hr/>
Total identifiable net assets at fair value		775,983
Non-controlling interests		(380,232)
		<hr/>
Goodwill on acquisition		34,026
The proportionate share of the consideration paid by Chengdu Expressway Construction for the acquisition of the 51% equity interests in Chengming Expressway Company		429,777
		<hr/> <hr/>

The Group has elected to measure the non-controlling in Chengming Expressway Company at the non-controlling interest's proportion share of Chengming Expressway Company's identifiable net assets.

Had the combination take place at the beginning of the Year, the revenue from continuing operations of the Group and the profit of the Group for the Year would have been RMB1,312,708,000 and RMB471,055,000, respectively.

The Group incurred transaction costs of RMB2,654,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in profit or loss.

An analysis of the cash flows in respect of the acquisition of Chengming Expressway Company is as follows:

	<i>RMB'000</i>
Cash consideration	(485,143)
Cash and bank balances acquired	<u>111,831</u>
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u><u>(373,312)</u></u>

Since 7 May 2019, Chengming Expressway Company contributed RMB133,171,000 to the Group's revenue and caused a loss of RMB7,062,000 to the consolidated profit for the year ended 31 December 2019.

## 20. EVENTS AFTER THE REPORTING PERIOD

- (a) The Company received the Notice on Waiver of Tolls on Toll Roads During Containment of COVID-19 Pneumonia from the Ministry of Transport of the People's Republic of China on 15 February 2020, pursuant to which the Ministry of Transport determined that tolls of toll expressways nationwide will be waived during the containment of the pneumonia epidemic caused by COVID-19. The waiver period shall commence from 00: 00 on 17 February 2020 till the end of the containment of the epidemic. The specific termination time and date is subject to further notice.

Since toll income constitutes the primary source of revenue of the Group, the directors of the Company expected that the implementation of such policy will result in a significant decline in the revenue of the Group during the containment of the COVID-19 Pneumonia, and the degree of the impact depends on the situation of the epidemic preventive measures and the duration of the epidemic.

- (b) The Group will monitor the developments of the COVID-19 situation closely, assess and react actively to its impacts on the financial position and operating results of the Group. Up to the date of the announcement, the assessment is still in progress.

Given the dynamic nature of these circumstances, the related impact on the Group's consolidated results of operations, cash flows and financial condition could not be reasonably estimated at this stage and will be reflected in the Group's 2020 interim and annual financial statements.

- (c) On 4 March 2020, the Group entered into the project investment agreement with the People's Government of Pidu District in Chengdu, Sichuan Province ("**Pidu District Government**"), pursuant to which, Pidu District Government shall support the Group to invest in the construction of a Class B expressway service area in proximity to Ande Toll Station (near K22 of Chengguan Expressway) within Pidu District. Please refer to the Company's announcement dated 4 March 2020 for further details.

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

## CHAIRMAN'S STATEMENT

During the Reporting Period, the Group achieved toll income of RMB1,255,926,000 (2018: RMB985,898,000), representing an increase of RMB270,028,000 from 2018, up by 27.4%.

During the Reporting Period, the Group achieved profit for the year of RMB471,102,000 (2018: RMB446,042,000), representing a year-on-year increase of 5.6%, total comprehensive income for the year attributable to owners of the Company of RMB438,791,000 (2018: RMB415,488,000), representing a year-on-year increase of 5.6% and basic earnings per Share of approximately RMB0.268 (2018: approximately RMB0.346).

The Company was committed to enhancing its corporate value and giving a due consideration to both the development of the Company and the interests of investors to implement the dividend distribution policy. The Board proposed to distribute a final cash dividend for 2019 of RMB0.12 per Share (tax inclusive) and RMB198,732,240 in total. The dividend distribution plan is subject to approval at the AGM.

## RESULTS REVIEW

### *Principal Business Trending Stable and Upward*

In 2019, national GDP increased by 6.1% while the overall economic operation was steady and the economic structure was continuously optimised. GDP in Sichuan and Chengdu, where the principal business of the Company are domiciled, recorded an increase of 7.5% and 7.8%, respectively, being both above national average. Thanks to the sound macro-economy environment, the Company strived to expand and strengthen its principal business in line with its established strategies.

During the Reporting Period, Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway and Chengdu Airport Expressway recorded daily weighted-average traffic volume of 40,564, 51,342, 57,768 and 44,396, representing a year-on-year change of -4.6%, 81.3%, 8.2% and 1.5% from 2018, respectively; and toll income of RMB307,940,000, RMB238,312,000, RMB433,933,000 and RMB142,570,000. In particular, Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway and Chengdu Airport Expressway registered a year-on-year change of -6.8%, 110.6%, 9.0% and -1.1% in toll income, respectively.

Qiongming Expressway was acquired by the Group from Chengdu Expressway Construction in 2019, which constituted business combination under common control. Chengdu Expressway Construction completed acquisition of equity interests in Chengming Expressway Company on 7 May 2019 and therefore, the results of Qiongming Expressway from May to December 2019 were consolidated into the financial statements of the Group. From May to December 2019, toll income of Qiongming Expressway reached RMB133,171,000. For the whole year of 2019, Qiongming Expressway realised daily weighted-average traffic volume of 13,718, representing an increase of 10.3% from the corresponding period of 2018, and recorded toll income of RMB189,953,000 (2018: RMB169,478,000), representing an increase of RMB20,475,000, or 12.1% from 2018.

During the Reporting Period, traffic volume and toll income of Chengpeng Expressway maintained relatively substantial increase with remarkable results achieved, primarily due to the reason that it benefited from the expansion and renovation and the full restoration of traffic flows since 12 July 2018. Benefiting from the completion of Riyue Avenue, which connects downtown Chengdu to the entrance of Chengwenqiong Expressway, Chengwenqiong Expressway attracted more vehicles and therefore witnessed an increase in toll volume and toll income. Chengdu Airport Expressway recorded a slight decrease in revenue due to more ETC discounts afforded as compared to 2018. Chengguan Expressway recorded a decrease in toll volume and toll income from 2018, primarily due to traffic diversion as a result of operation of Yongning and Shuyuan toll gates on Chengdu Ring Expressway and the reopening of Chengpeng Expressway since 12 July 2018. In addition, the debris flow disaster in Wenchuan County, Aba Prefecture, Sichuan Province on 20 August 2019 and the environmental rectification with special treatment conducted in Aba Prefecture, Sichuan Province during the Reporting Period exerted negative impact on the traffic volume of Chengguan Expressway to a certain extent. The increase in toll income of Qiongming Expressway was attributable to the fact that it had grown into the mature period to generate profitability.

### ***Proactively Implementing Policies to Facilitate Traffic Flow***

During the Reporting Period, responding to the national policies, the Group actively implemented ETC software and hardware technical transformation to facilitate traffic flow. During the Reporting Period, in line with the “Notice on Issuing the Implementation Plan for Deepening the Reform of Toll Road System and Cancelling the Provincial Toll Stations of Expressways (《關於印發深化收費公路制度改革取消高速公路省界收費站實施方案的通知》)” issued by the General Office of the State Council, the Group implemented the standardised construction and renovation of hardware and software for the ETC portal system of three of our expressways, being Chengguan Expressway, Chengpeng Expressway and Chengwenqiong Expressway (Chengdu Airport Expressway does not need hardware renovation for the ETC portal system and only requires upgrading of toll collection software to meet the standards). As of the end of December 2019, construction for 46 ETC portal systems was completed. In addition, cooperating with banks and WeChat operators, the Group developed the “Sichuan Expressway Connect” mini program, which was officially launched in June 2019 to provide online ETC services 24 hours a day. The Group also proactively improved traffic convenience and work efficiency through setting up unattended card issuing machines and mobile code scanning payments on its own expressways.

### ***Expanding Principal Business through Acquisition of Equity Interests in Chengming Expressway Company***

During the Reporting Period, the Company entered into the equity transfer agreement with Chengdu Expressway Construction on 28 October 2019 to acquire the 51% equity interests in Chengming Expressway Company, and the relevant change in industrial and commercial registration was completed on 20 December 2019. The acquisition scaled up the assets of the Group and expanded the market share of principal business in Sichuan Province, which will facilitate the strengthening of the core advantages of the Company in the investment and management of toll highways and roads. Upon completion of the acquisition, the total mileage of the expressways operated by the Group has been extended to approximately 202.37 kilometres from approximately 149.69 kilometres (including the mileage of Chengbei Exit Expressway).

## **Outlook in 2020**

The sixth meeting of the Central Financial and Economic Affairs Commission was held on 3 January 2020, which focused on the Chengdu-Chongqing economic circle and put forward the initiative “to promote the construction of a two-city economic circle in Chengdu-Chongqing region and forge an important growth driver for high-quality development in the west”. The Company expects that the favorable macro policies will provide strong support for the sustainable development of Chengdu and its surrounding areas, and will also affect transportation, warehousing and logistics, tourism and other industries, thus bringing development opportunities to the Group.

In 2020, the Company will continue to strengthen the investment, construction, management and maintenance of expressways to consolidate its core competitiveness. First, the Company plans to set up specialized operating companies to implement unified management and maintenance of its own expressways and reduce operation and management costs. Second, the Company proposes to make effective use of investment attraction policies in the areas along the expressways, and to invest in the construction of a theme service area near Ande Toll Station of Chengguan Expressway according to the “Expressway +” industrial concept, so as to foster new profit and growth potential while improving the traffic experience and service level of Chengguan Expressway.

In December 2019, Wuhan suffered from the outbreak of COVID-19 epidemic and the impact instantly spread across the whole nation. Sichuan Province launched the first-level emergency response to public health emergencies on 24 January 2020 and implemented strict epidemic prevention and control measures. At the same time, the Ministry of Transport has issued relevant traffic policies for the prevention and control of the epidemic. First, it extended the toll waiver period during the Spring Festival holiday for small and medium-sized vehicles to encourage inbound passengers to avoid travelling peak after the Spring Festival as to minimise crowds gathering. Second, it decided to waive tolls on toll roads nationwide from 00:00 on 17 February 2020 until the end of epidemic prevention and control. It is expected that the implementation of various epidemic prevention and control measures will lead to a significant drop in the Group’s revenue during the containment period of COVID-19 epidemic. In addition, in accordance with the publications on the official website of the Ministry of Transport, the government will further study and issue relevant supporting guarantee policies to safeguard the legitimate interests of the users, creditors, investors and operators of toll roads in a coordinated manner. The Company will pay close attention to such policies in the bid to minimise the negative impact brought by the epidemic and fulfill its information disclosure obligations as and when appropriate.

It is imperative for the Group, as an H-Share listed company, to grasp development opportunities, navigate through the current adversities and shoulder social responsibilities to achieve sustainable growth. With unwavering confidence and cohesion, the Group will dedicate its best effort to create greater value for the Shareholders.

## **ACKNOWLEDGEMENT**

On behalf of the Board, I would like to extend gratitude to our Shareholders, customers, partners, the management and all of the employees for their support.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Summary of the Group's Operating Results

	<b>2019</b>	2018
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Revenue	<b>1,255,926</b>	1,830,227
Including:		
Toll income	<b>1,255,926</b>	985,898
Construction revenue in respect of service concession arrangements	–	844,329
Profit before tax	<b>572,010</b>	523,067
Total comprehensive income for the year attributable to owners of the Company	<b>438,791</b>	415,488
Earnings per Share attributable to ordinary equity holders of the Company		
– Basic and diluted	<b>RMB0.268</b>	RMB0.346

### Summary of the Group's Financial Position

	<b>As at 31 December</b>	As at 31 December
	<b>2019</b>	2018
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Total assets	<b>8,335,014</b>	5,194,176
Total liabilities	<b>4,519,008</b>	2,729,798
Non-controlling interests	<b>516,012</b>	134,967
Equity attributable to owners of the Company	<b>3,299,994</b>	2,329,411

## Revenue

The Group is primarily engaged in toll collection and maintenance and repair of the expressways operated by it in its daily operations, including Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Chengdu Airport Expressway and Qiongming Expressway. During the Reporting Period, the Group achieved revenue of RMB1,255,926,000, representing a year-on-year decrease of RMB574,301,000, which was attributable to the fact that no construction revenue in respect of service concession arrangements was derived due to the lack of new expansion projects during the Reporting Period, while construction revenue in respect of service concession arrangements for 2018 was RMB844,329,000. All revenue during 2019 was generated from toll income, which totaled RMB1,255,926,000, representing an increase of 27.4% from 2018. The table below sets forth a breakdown of toll income by expressway during the Reporting Period:

	<b>2019</b>	2018
	<b>RMB'000</b>	<b>RMB'000</b>
Chengguan Expressway	<b>307,940</b>	330,542
Chengpeng Expressway	<b>238,312</b>	113,154
Chengwenqiong Expressway	<b>433,933</b>	398,093
Chengdu Airport Expressway	<b>142,570</b>	144,109
Qiongming Expressway	<b>133,171<sup>(1)</sup></b>	–
Toll income	<b>1,255,926</b>	985,898
Construction revenue in respect of service concession arrangements	–	844,329
<b>Total revenue</b>	<b>1,255,926</b>	<b>1,830,227</b>

<b>Toll expressway</b>	<b>Daily weighted-average traffic volume (vehicle)</b>		Increase/ (decrease) from the previous year
	<b>2019</b>	2018	
Chengguan Expressway	<b>40,564</b>	42,530	(4.6%)
Chengpeng Expressway	<b>51,342</b>	28,326	81.3%
Chengwenqiong Expressway	<b>57,768</b>	53,400	8.2%
Chengdu Airport Expressway	<b>44,396</b>	43,721	1.5%
Qiongming Expressway	<b>13,718<sup>(2)</sup></b>	12,437 <sup>(2)</sup>	10.3%

### Notes:

- (1) Toll income of Qiongming Expressway covers the period from May to December 2019, Chengming Expressway Company were not consolidated into the Company's financial statements for 2018 and thus are not shown in this table.
- (2) Daily weighted-average traffic volume of Qiongming Expressway covers the period from January to December 2019 and corresponding data for 2018 represent data from January to December 2018.



During the Reporting Period, benefiting from the increase in traffic volume resulting from stable local economic development, further improvement of regional road network and people's growing travelling willingness, the Group toll income recorded an increase. Revenue generated from each expressway owned by the Company is set out below:

#### ***Chengguan Expressway***

During the Reporting Period, toll income of Chengguan Expressway decreased by RMB22,602,000, or 6.8% from the corresponding period of 2018, primarily due to the traffic diversion as a result of operation of Yongning and Shuyuan toll gates on Chengdu Ring Expressway and the reopening of Chengpeng Expressway since 12 July 2018. Located in Wenjiang District and Pidu District, Chengdu, and connecting the traffic network in northwestern Chengdu, Yongning and Shuyuan toll gates commenced operation in November 2018 and April 2019, respectively. In addition, the following events also had a negative impact on the toll income of Chengguan Expressway: (i) cut-off in several sections of Duwen expressway connecting to Chengguan Expressway as a result of debris flow disaster on 20 August 2019 in Wenchuan County, Aba Prefecture, Sichuan Province; and (ii) the environmental rectification with special treatment conducted in Aba Prefecture, Sichuan Province during the Reporting Period, resulting in a reduction in the number of freight vehicles transporting sand and other building materials prone to dust pollution to and from the local area.

#### ***Chengpeng Expressway***

During the Reporting Period, toll income of Chengpeng Expressway increased by RMB125,158,000, or 110.6% from the corresponding period of 2018 with outstanding performance, primarily thanks to the expansion and renovation and the full restoration of traffic since 12 July 2018.

#### ***Chengwenqiong Expressway***

During the Reporting Period, toll income of Chengwenqiong Expressway increased by RMB35,840,000, representing a year-on-year increase of 9.0%, primarily due to completion of Riyue Avenue in September 2018, which connects downtown Chengdu to the entrance of Chengwenqiong Expressway, attracting more traffic volume to Chengwenqiong Expressway during the Reporting Period.

#### ***Chengdu Airport Expressway***

During the Reporting Period, toll income of Chengdu Airport Expressway slightly decreased by RMB1,539,000 or 1.1% on a year-on-year basis. This is primarily due to the increased ETC discount afforded as compared to 2018. As the result of enhanced governmental efforts in promoting ETC in 2019, more vehicles with ETC device (entitled to a 5% discount) travelled through Chengdu Airport Expressway.

#### ***Qiongming Expressway***

Chengdu Expressway Construction completed the acquisition of 100% equity interests in Chengming Expressway Company in May 2019 and the Company acquired the 51% equity interests in Chengming Expressway Company from Chengdu Expressway Construction in December 2019. Due to business combination under common control, the results of Chengming Expressway Company from May to December 2019 were consolidated into the financial statements of the Group for 2019. From May to December 2019, toll income of Qiongming Expressway amounted to RMB133,171,000.

For the whole year of 2019, Qiongming Expressway achieved daily weighted-average traffic volume of 13,718 (2018: 12,437), representing a year-on-year increase of 10.3%; and toll income of RMB189,953,000 (2018: RMB169,478,000), representing a year-on-year increase of RMB20,475,000, or 12.1%, primarily due to growth of Qiongming Expressway into the mature period to record significant revenue increase.

### **Cost of Sales**

During the Reporting Period, cost of sales of the Group primarily included road repair, maintenance, cleaning and greening cost, depreciation and amortisation as well as employee benefit expense. During the Reporting Period, the Group's cost of sales was RMB553,964,000, representing a year-on-year decrease of 55.2% as compared with RMB1,236,013,000 for the same period in 2018, which was primarily due to the fact that no construction cost in respect of service concession arrangements was incurred during the Reporting Period while construction cost in respect of service concession arrangements for the corresponding period of the previous year amounted to RMB844,329,000. If the cost of sales data in 2019 excluding the cost of sales of Chengming Expressway Company in 2019 is compared with the cost of sales in 2018 excluding the construction cost in 2018, there was a year-on-year increase of 23.0%, primarily due to the increase in amortisation of service concession arrangements during the Reporting Period and the increase in road maintenance costs and labor costs due to the increase in traffic volume.

### **Gross Profit and Gross Profit Margin**

During the Reporting Period, gross profit from the Group's operations amounted to RMB701,962,000 (2018: RMB594,214,000). Gross profit margin was 55.9% (2018: 32.5%), representing a year-on-year increase of 23.4%, primarily due to the fact that all revenue of the Group derived during 2019 represented toll income while gross profit for 2018 included both toll income and construction revenue in respect of service concession arrangements. Gross profit margin of toll income decreased by 4.4% to 55.9% from 60.3% for 2018, primarily because the gross profit margin of Chengming Expressway Company is 45.7%, which was lower than toll income gross profit margin of other expressways.

### **Administrative Expenses**

During the Reporting Period, the Group incurred administrative expenses of RMB68,647,000 (2018: RMB53,587,000), representing a year-on-year increase of 28.1%, which was mainly attributable to upward adjustment of the salary of the employees of the Group and an increase in employee benefit as well as an increase in depreciation and amortisation amount due to newly added office related assets as compared to last year and an increase in audit and consulting service fees.

During the Reporting Period, the employee benefit expenses (including salary and social security expenses) and depreciation and amortisation amount of the Group were RMB47,158,000 (2018: RMB32,654,000) and RMB2,686,000 (2018: RMB1,554,000), respectively.

### **Share of Loss of an Associate**

In 2019, the Company recognised share of loss of RMB352,000 arising from its 40% equity interests in Chengbei Exit Expressway Company. A profit of RMB21,916,000 was recognized for the same period of 2018. The main reason for the change was that Chengbei Exit Expressway Company implemented Qinglongchang Viaduct Pavement Improvement Project and Chengbei Expressway Pavement Treatment Project from June to September 2019 and October to November 2019, respectively. During the construction period, certain road sections were closed, and Chengbei Exit Expressway Company recorded a decrease in revenue and an increase in cost, resulting in losses during the Reporting Period.

### **Total Comprehensive Income for the Year Attributable to Owners of the Company**

During the Reporting Period, the total comprehensive income for the year attributable to owners of the Company was RMB438,791,000, representing a year-on-year increase of 5.6% as compared with RMB415,488,000 for the same period in 2018, primarily due to the increase in toll income of the Group during the Reporting Period. Basic and diluted earnings per Share were RMB0.268, representing a year-on-year decrease of RMB0.078 as compared with RMB0.346 for the same period in 2018, primarily due to the reason that our share capital increased from 1.2 billion to 1.656102 billion as a result of share issuance in 2019. The return on Shareholders' equity was 12.3%, representing a year-on-year decrease of 5.8% as compared with 18.1% for the same period in 2018, due to the fact that the proceeds from the new share issuance during the Reporting Period were mainly used to acquire the 51% equity interests in Qiongming Expressway, and the investment yields therefrom could not be immediately generated during the Reporting Period. It is believed that when Qiongming Expressway reaches the maturity stage, its benefits will gradually increase in the future, which will help to improve the return on Shareholders' equity.

### **Assets and Liabilities Overall Conditions**

As at the end of the Reporting Period, due to consolidation of Qiongming Expressway, total assets and total liabilities of the Group recorded significant increase.

As at the end of the Reporting Period, total assets of the Group amounted to RMB8,335,014,000 (2018: RMB5,194,176,000), representing an increase of 60.5% from the end of 2018. The Group's total assets mainly consist of service concession rights in respect of Chengguan Expressway, Chengpeng Expressway, Chengwenqiong Expressway, Qiongming Expressway and Chengdu Airport Expressway and the equity investment in Chengbei Exit Expressway Company, an associate of the Group. The above assets accounted for 72.4% of the Group's total assets. Cash and cash equivalents and other assets accounted for 18.1% and 9.5% of total assets, respectively.

As at the end of the Reporting Period, total liabilities of the Group amounted to RMB4,519,008,000 (2018: RMB2,729,798,000), representing an increase of 65.5% from the end of 2018.

### **Borrowings and Repayment Capacity**

As at the end of the Reporting Period, total liabilities of the Group amounted to RMB4,519,008,000 (2018: RMB2,729,798,000), of which 66.7% (2018: 56.9%) represented bank and other borrowings while 24.5% (2018: 40.5%) represented amounts payable to suppliers.

As at the end of the Reporting Period, total interest-bearing borrowings of the Group amounted to RMB3,014,717,000 (2018: RMB1,553,500,000), of which RMB2,122,657,000 represented bank borrowings and RMB892,060,000 represented other borrowings, 91.5% of the interest-bearing borrowings are not repayable within one year. The increase in total interest-bearing borrowings was attributable to the consolidation of borrowings of Chengming Expressway Company.

As at the end of the Reporting Period, bank borrowings of the Group carried a fixed annual interest rate ranging from 4.41% to 4.90%. Other borrowings carried a fixed annual interest rate of 4.90%.

During the Reporting Period, total interest expenses of the Group amounted to RMB134,866,000 (2018: RMB71,701,000). Earnings before interest and tax amounted to RMB706,876,000 (2018: RMB594,768,000) and therefore interest coverage ratio (earnings before interest and tax divided by interest expenses) was 5.2 (2018: 8.3).

As at the end of the Reporting Period, gearing ratio of the Group (being total liabilities divided by total assets) was 54.2% (2018: 52.6%).

### **Borrowing Ratio**

Being a measurement of financial leverage, borrowing ratio is calculated as net debt divided by “total equity and net debt”. Net debt refers to interest-bearing bank and other loans minus cash and cash equivalents, not including liabilities for working capital. Equity includes equity attributable to owners of the Group and non-controlling interests. As at the end of the Reporting Period, the borrowing ratio of the Group was 28.3% (2018: 19.4%).

### **Capital Expenditure Commitments and Utilisation**

During the Reporting Period, capital expenditure of the Group amounted to RMB88,416,000 (2018: RMB157,536,000). Out of the total capital expenditure of the Group, RMB88,014,000 was used for equipment purchase and reformation and RMB402,000 for other intangible assets.

As at the end of the Reporting Period, total capital expenditure commitments of the Group amounted to RMB7,025,000, all of which were incurred from the purchase and reformation of equipment and facilities for Chengwenqiong Expressway. The Group will prioritise internal resources to fund the above capital expenditure commitments.

### **Liquidity and Capital Resources**

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

As at the end of the Reporting Period, total current assets of the Group amounted to RMB1,828,402,000 (2018: RMB1,245,541,000), of which: (i) cash and cash equivalents were RMB1,506,513,000 (2018: RMB958,615,000), accounting for 82.4% (2018: 77.0%) of current assets; (ii) trade receivables were RMB51,059,000 (2018: RMB32,664,000), accounting for 2.8% (2018: 2.6%) of current assets; (iii) prepayments, other receivables and other assets were RMB270,830,000 (2018: RMB254,262,000), accounting for 14.8% (2018: 20.4%) of current assets.

As at the end of the Reporting Period, current ratio (current assets divided by current liabilities) of the Group was 129.2% (2018: 92.7%). The increase of the current ratio was due to the receipt of proceeds from the Global Offering by the Company during the Reporting Period.

The table below sets out certain information about the Group's consolidated statements of cash flows for the years ended 31 December 2019 and 31 December 2018:

	Year ended 31 December			
	2019		2018	
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents presented in the consolidated statements of cash flows at the beginning of the year		878,615		1,139,951
Net cash flows from operating activities	1,015,710		161,402	
Net cash flows used in investing activities	(747,586)		(198,327)	
Net cash flows used in financing activities	(27,783)		(224,411)	
Net increase (decrease) in cash and cash equivalents		240,341		(261,336)
Cash and cash equivalents presented in the consolidated statements of cash flows at the end of the year		<u>1,118,956</u>		<u>878,615</u>
<b>Analysis of balances of cash and cash equivalents</b>				
Cash and cash equivalents as stated in the consolidated statement of financial position		1,506,513		958,615
Time deposits with original maturity of over three months		<u>(387,557)</u>		<u>(80,000)</u>
Cash and cash equivalents as stated in the consolidated statements of cash flows		<u>1,118,956</u>		<u>878,615</u>

**Net cash flows from operating activities:** During the Reporting Period, net cash flows from the Group's operating activities were approximately RMB1,015,710,000, while net cash flows from operating activities in 2018 were approximately RMB161,402,000, representing a year-on-year increase of RMB854,308,000, or 529.3%, primarily attributable to i) an increase in cash inflow of RMB258,684,000 arising from increase of toll income; ii) an increase in cash inflow of RMB56,937,000 arising from increase of interest income and construction compensation income; iii) a decrease in cash outflow of RMB496,473,000 arising from decrease of cash outflow related to service concession agreements.

**Net cash flows used in investing activities:** During the Reporting Period, net cash flows used in investing activities of the Group were approximately RMB747,586,000, representing a year-on-year increase of RMB549,259,000, or 277.0% from the net cash flow used in investing activities of RMB198,327,000 in 2018, which was mainly due to (i) increase in expense of RMB373,312,000 as a result of business combination under common control during the Year; (ii) increase in purchase expense of time deposits with original maturity of over three months of RMB227,557,000.

**Net cash flows used in financing activities:** During the Reporting Period, net cash flows used in the Group's financing activities were approximately RMB27,783,000, while net cash flows used in the Group's financing activities in 2018 were approximately RMB224,411,000, representing a year-on-year decrease of RMB196,628,000, or 87.6%, primarily attributable to (i) proceeds from Global Offering of RMB864,403,000 received during the Reporting Period; (ii) increase in repayment of bank and other loans of RMB339,157,000 during the Year from last year; (iii) decrease in proceeds from banks loans during the Year of RMB293,000,000 from last year; (iv) increase in interests paid during the Year of RMB31,848,000 from last year. After offsetting, cash flows used in financing activities recorded a decrease during the Reporting Period.

## Net Proceeds from Global Offering and Utilisation

The Company issued 400,000,000 H Shares in Global Offering which were listed on the Main Board of the Stock Exchange on 15 January 2019, and issued 56,102,000 H Shares upon partial exercise of the over-allotment option which were listed on the Main Board of the Stock Exchange on 12 February 2019. The net proceeds from the initial public offering of new Shares and the issue of over-allotment Shares amounted to approximately HK\$931.5 million (equivalent to approximately RMB802.5 million), which will be allocated for gradual utilisation in accordance with the purposes set out in the Prospectus. The Company applied 70% of the net proceeds from the Global Offering to acquire Chengming Expressway Company during the Reporting Period and expects to achieve the plan of establishing new business segments or acquiring other complementary business within two years from listing. As at the date of this announcement, the utilisation of the net proceeds is set out below:

	Percentage of the net proceeds from the Global Offering	Net proceeds from the Global Offering and utilisation		
		Amount available for utilisation <i>RMB'000</i>	Amount utilised <i>RMB'000</i>	Remaining amount <i>RMB'000</i>
Acquiring or investing in one high-quality expressway	70%	561,716	561,716	–
Establishing new business segments or acquiring other complementary business	10%	80,245	–	80,245
Improving the operational efficiency of expressways	10%	80,245	14,576	65,669
General corporate and working capital purposes	10%	80,245	64,538	15,707
Total	100%	802,451	640,830	161,621

## **Significant Investment, Material Acquisition and Disposal**

On 28 October 2019, the Company entered into the equity transfer agreement with Chengdu Expressway Construction, pursuant to which, the Company agreed to acquire and Chengdu Expressway Construction agreed to dispose of 51% equity interests in Chengming Expressway Company at a consideration of RMB485,142,600, which was fully settled by the Company in cash. The Company also agreed to assume 51% of the debt due to Chengdu Expressway Construction by Chengming Expressway Company, being RMB393,750,600. The acquisition was approved by the independent Shareholders at the extraordinary general meeting of the Company held on 16 December 2019. Change in industrial and commercial registration regarding the acquisition was completed on 20 December 2019. For details of the acquisition, please refer to the announcements of the Company dated 28 October 2019, 16 December 2019 and 20 December 2019, and the circular of the Company dated 29 November 2019.

Save as disclosed in this announcement, during the Reporting Period, the Group did not make any material acquisitions and disposals of subsidiaries, associates or joint ventures, nor did it hold any significant investments.

## **Pledge of Assets**

As at the end of the Reporting Period, the service concession arrangements of Chengwenqiong Expressway with a net carrying amount of RMB1,140,153,000 (2018: RMB1,206,341,000) were pledged to secure bank loans and other loans of RMB601,000,000 (2018: RMB666,000,000), the service concession arrangements of Chengpeng Expressway with a net carrying amount of RMB1,377,828,000 (2018: RMB1,377,302,000) were pledged to secure bank loans of RMB303,000,000 (2018: RMB533,000,000), and the service concession arrangements of Qiongming Expressway with a net carrying amount of RMB2,369,666,000 were pledged to secure bank loans of RMB1,114,157,000.

## **Exchange Rate Fluctuation Risk**

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

## **Contingent Liabilities**

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

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the Reporting Period, save for the 400,000,000 H Shares issued by the Company in Global Offering and the 56,102,000 H Shares issued upon partial exercise of the over-allotment option, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.



## **SUBSEQUENT EVENTS**

On 15 February 2020, the Company received the Notice on Waiver of Tolls on Toll Roads During Containment Period of COVID-19 Pneumonia (《關於新冠肺炎疫情防控期間免收收費公路車輛通行費的通知》) from the Ministry of Transport of the People's Republic of China, pursuant to which, with the approval from the State Council, the Ministry of Transport determined that tolls of toll expressways nationwide will be waived during the containment period of the COVID-19 pneumonia. The waiver period shall commence from 00: 00 on 17 February 2020 till the end of the containment period of the epidemic. In this respect, such policy is applicable to Chengguan Expressway, Chengwenqiong Expressway, Chengpeng Expressway, Chengdu Airport Expressway and Qiongming Expressway owned by the Group as well as Chengbei Exit Expressway in which the Group holds equity interests. All vehicles legally travelling through the above expressways during the aforementioned period shall be waived from tolls. Since toll income constitutes the primary source of revenue of the Group, the Directors expected that the implementation of such policy will result in a significant decline in the revenue of the Group during the containment period of the COVID-19 pneumonia, and in turn a material negative impact on the Group's financial position as at 30 June 2020 and the operating results for the first half of 2020. The Group will actively cooperate with the government to mitigate the negative impact caused to the Group by the epidemic. For details, please refer to the announcement of the Company dated 16 February 2020.

On 4 March 2020, the Company entered into the project investment agreement with the People's Government of Pidu District in Chengdu, Sichuan province, pursuant to which, Pidu district government shall support the Company to invest in the construction of a Class B expressway service area in proximity to Ande Toll Station (near K22 of Chengguan Expressway) within Pidu District. For details, please refer to the announcement of the Company dated 4 March 2020.

On 27 March 2020, the Board resolved to propose certain amendments to the Articles of Association, the Rules of Procedure of the General Meetings and the Rules of Procedure of the Board of Directors. The proposed amendments to the Articles of Association, the Rules of Procedure of the General Meetings and the Rules of Procedure of the Board of Directors will be submitted to the general meeting of the Company for Shareholders' approval. For details, please refer to the announcement of the Company dated 27 March 2020.

## **CORPORATE GOVERNANCE**

### **Compliance with the Corporate Governance Code**

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code as its own corporate governance code. The Company has been in compliance with the applicable code provisions throughout the period from the Listing Date to the end of the Reporting Period, except the deviation from code provision A.4.2.

As stated in code provision A.4.2, all directors (including the director whose tenure is designated) shall retire by turns once every three years at least. As disclosed in the announcement of the Company dated 20 November 2019, the terms of the first session of the Board and the supervisory committee (the “Supervisory Committee”) of the Company expired on 21 November 2019. As the nomination of candidates for directors and supervisors of the Company for the new session has not been finished, to ensure the continuity of the Board and the Supervisory Committee, re-election of the members of the Board and the Supervisory Committee was postponed, and the terms of the special committees under the first session of the Board were extended correspondingly. The Company will endeavour to complete the re-election of the members of the Board and the Supervisory Committee as soon as practicable.

### **Compliance with the Model Code**

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

### **DIVIDENDS**

The Board recommended a final cash dividend for 2019 of RMB198,732,240 in total, and based on the Company’s current total number of Shares of 1,656,102,000, RMB0.12 per Share (tax inclusive). The dividend distribution proposal is subject to the approval by the Shareholders at the AGM to be held on 11 June 2020. If approved, the final dividends are expected to be paid on 10 August 2020 to Shareholders whose names appear on the register of members of the Company on 22 June 2020. Dividends payable to the holders of Domestic Shares will be paid in RMB, and dividends payable to the holders of H Shares will be paid in Hong Kong dollars. The amount of Hong Kong dollars payable will be calculated based on the average central parity rate of Renminbi to Hong Kong dollars as announced by the People’s Bank of China during the calendar week prior to the announcement of declaration of the final dividend at the AGM (if approved).

### **CLOSURE OF REGISTER OF MEMBERS**

The 2019 AGM will be convened on Thursday, 11 June 2020. In order to ascertain Shareholders’ entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 12 May 2020 to Thursday, 11 June 2020 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all duly completed transfer forms accompanied by the relevant Share certificates shall be lodged with the Company’s H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration before 4:30 p.m. on Monday, 11 May 2020. Shareholders whose names appear on the register of members of the Company on Tuesday, 12 May 2020 shall be eligible to attend the AGM.

The register of members of the Company will be closed from Wednesday, 17 June 2020 to Monday, 22 June 2020 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for receiving the final dividends, holders of H Shares shall lodge transfer documents with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration before 4:30 p.m. on Tuesday, 16 June 2020. Shareholders whose names appear on the register of members of the Company on Monday, 22 June 2020 shall be eligible to receive final dividends.

## **ANNUAL REPORT**

The annual report for the year ended 31 December 2019 containing all the information required under Appendix 16 to the Listing Rules will be despatched to the Shareholders in due course and available on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chengdugs.com](http://www.chengdugs.com)).

## **SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITORS**

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2019, but represents an extract from the consolidated financial statements for the year ended 31 December 2019 which have been audited by the auditor of the Company, Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

## **AUDIT AND RISK MANAGEMENT COMMITTEE**

The audit and risk management committee under the Board has reviewed the annual results of the Company for 2019.

## **DEFINITIONS**

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

“AGM”	the annual general meeting of the Company to be held on 11 June 2020
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors of the Company
“Chengdu Communications”	Chengdu Communications Investment Group Co., Ltd. (成都交通投資集團有限公司), a company incorporated in the PRC with limited liability on 16 March 2007, which is one of the controlling shareholders of the Company

“Chengbei Exit Expressway Company”	Chengdu Chengbei Exit Expressway Co., Ltd. (成都城北出口高速公路有限公司), a company incorporated in the PRC with limited liability on 6 September 1996, 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 on 24 December 1997, which is a non-wholly-owned subsidiary of the Company with 55% of its equity interests held by the Company
“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 on 25 June 1996, which is one of the controlling shareholders of the 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 on 15 November 2007, 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 on 11 September 2002, which is a non-wholly-owned subsidiary of the Company with 99.74% of its equity interests held by the Company
“Chengwenqiong Expressway Company”	Chengdu Chengwenqiong Expressway Co., Ltd. (成都成溫邛高速公路有限公司), a company incorporated in the PRC with limited liability on 26 October 1998, which is a wholly-owned subsidiary of the Company
“Company”	Chengdu Expressway Co., Ltd. (成都高速公路股份有限公司), a joint stock company with limited liability incorporated in the PRC, the H Shares of which are listed and traded on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary Share(s) of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“Global Offering”	has the meaning ascribed thereto in the Prospectus

“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 dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Date”	15 January 2019, the date when the H Shares are listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Prospectus”	the prospectus of the Company dated 28 December 2018
“RMB”	Renminbi, the lawful currency of the PRC
“Reporting Period” or the “Year”	the annual period ended 31 December 2019
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company

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

Chengdu, the PRC, 27 March 2020

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