



Jiangsu Expressway Company Limited

(Hong Kong Stock Exchange Stock Code: 00177)

2021 Interim Report



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Important Notice

- (I) The Board of Directors (“**Board**”), the Supervisory Committee, and the Directors, Supervisors and senior management of the Company warrant that the contents of this interim report are true, accurate and complete and that there are no false representations, misleading statements contained in, or material omissions from, this report, and they jointly and severally accept responsibility in respect thereof.
- (II) All Directors attended the Board meeting.
- (III) This interim report is unaudited. The Audit Committee consists of three independent non-executive Directors and one non-executive Director. The Audit Committee convened a meeting on 25 August 2021 to consider and review the interim report and interim financial statements of the Group and to submit its observations and recommendations to the Board. The Audit Committee considers that the Company’s interim report and interim financial statements for 2021 are in compliance with the applicable accounting standards (PRC accounting standards) and have been properly disclosed by the Company.
- (IV) Sun Xibin, the person in charge of the Company, Dai Qian, the chief accountant of the Company, and Yao Qunfang, the person in charge of the accounting department (head of the accounting department), hereby warrant the truthfulness, accuracy and completeness of the financial statements contained in this interim report.
- (V) Proposal of profit distribution or proposal of capitalisation of capital reserve for the Reporting Period as approved by the Board of Directors
 Applicable Not Applicable
- (VI) Risk warning for forward-looking statements
 Applicable Not Applicable
- Forward-looking statements in this interim report which involve development strategies and plans do not constitute actual commitments of the Company to investors. There may be differences between the future actual results of the Company and these forward-looking statements. Investors and related parties are advised to keep sufficient risk awareness in this regard, and understand the difference among plans, predictions and commitments.
- (VII) Whether there is any misappropriation of the Company’s funds by the Controlling Shareholder and its related/connected parties for non-operational purpose
 No
- (VIII) Whether the Company has provided any guarantee to external parties in violation of the required decision-making process
 No
- (IX) Whether the majority of the Directors are unable to warrant the truthfulness, accuracy and completeness of the interim report as disclosed herein by the Company
 No
- (X) Major risk alert
 Applicable Not Applicable
- (XI) Others
 Applicable Not Applicable

Unless otherwise specified, the financial figures contained in this report are expressed in RMB.

In this report, figures shown as totals may not be an arithmetic aggregation of the figures preceding them, which are due to rounding adjustments.

SECTION I DEFINITIONS

In this report, unless the context otherwise requires, the following terms shall have the meanings as follows:

DEFINITIONS OF COMMONLY USED TERMS

Company	Jiangsu Expressway Company Limited (江蘇寧滬高速公路股份有限公司)
Group	the Company and its subsidiaries
Controlling Shareholder, or Jiangsu Communications Holding	Jiangsu Communications Holding Company Limited (江蘇交通控股有限公司)
China Merchants Expressway	China Merchants Expressway Network & Technology Holdings Co., Ltd. (招商局公路網絡科技控股股份有限公司)
Ningchang Zhenli Company	Jiangsu Ningchang Zhenli Expressway Company Limited (江蘇寧常鎮溧高速公路有限公司)
Ninghu International Company	Jiangsu Expressway International (Hong Kong) Company Limited (江蘇寧滬國際(香港)有限公司)
Yangtze River Management Company	Jiangsu Yangtze River Expressway Management Co.,Ltd. (江蘇揚子江高速通道管理有限公司)
Ninghu Investment Company	Jiangsu Ninghu Investment Development Co., Ltd. (江蘇寧滬投資發展有限責任公司)
Factoring Company	Ninghu Commercial Factoring (Guangzhou) Co., Ltd. (寧滬商業保理(廣州)有限公司)
Ninghu Properties Company	Jiangsu Ninghu Properties Co., Ltd. (江蘇寧滬置業有限責任公司)
Hanwei Company	Nanjing Hanwei Property Development Company Limited (南京瀚威房地產開發有限公司)
Yangtze Commerce and Energy Company	Jiangsu Yangtze Commerce and Energy Co., Ltd. (江蘇長江商業能源有限公司)
Guangjing Xicheng Company	Jiangsu Guangjing Xicheng Expressway Company Limited (江蘇廣靖錫澄高速公路有限責任公司)
Zhendan Company	Jiangsu Zhendan Expressway Company Limited (江蘇鎮丹高速公路有限公司)
Wufengshan Toll Bridge Company	Jiangsu Wufengshan Toll Bridge Company Limited (江蘇五峰山大橋有限公司)
Longtan Bridge Company	Jiangsu Longtan Bridge Co., Ltd. (江蘇龍潭大橋有限公司)

SECTION I DEFINITIONS

Xiexin Company or Xiexin Ninghu Company	Jiangsu Xiexin Ninghu Gas Co., Ltd. (江蘇協鑫寧滬天然氣有限公司)
Kuailu Company	Jiangsu Kuailu Motor Transport Co., Ltd. (江蘇快鹿汽車運輸股份有限公司)
Suzhou Expressway Company or Suzhou Expressway Management	Suzhou Expressway Management Company Limited (蘇州市高速公路管理有限公司)
Yangtze Bridge Company	Jiangsu Yangtze Bridge Co., Ltd. (江蘇揚子大橋股份有限公司)
Hutong Bridge Company	Jiangsu Hutong Bridge Co., Ltd. (江蘇滬通大橋有限責任公司)
Finance Company or Group Finance Company	Jiangsu Communications Holding Group Finance Co., Ltd. (江蘇交通控股集團財務有限公司)
Media Company	Jiangsu Communications & Culture Media Company Limited (江蘇交通文化傳媒有限公司)
Sundian or Xiandai R&B Company	Jiangsu Sundian Road & Bridge Co., Ltd. (江蘇現代路橋有限責任公司)
Network Operation Company	Jiangsu Expressway Network Operation and Management Co., Ltd. (江蘇高速公路聯網營運管理有限公司)
Bank of Jiangsu	Bank of Jiangsu Co., Ltd. (江蘇銀行股份有限公司)
Yichang Company	Jiangsu Yichang Expressway Co., Ltd. (江蘇宜長高速公路有限公司)
Changyi Company	Jiangsu Changyi Expressway Co., Ltd. (江蘇常宜高速公路有限公司)
Suxichang Expressway Company	Jiangsu Suxichang South Expressway Co., Ltd. (江蘇蘇錫常南部高速公路有限公司)
Nanlin Hotel	Suzhou Nanlin Hotel Co., Ltd. (蘇州金陵南林飯店有限責任公司)
Yanjiang Company	Jiangsu Yanjiang Expressway Co., Ltd. (江蘇沿江高速公路有限公司)
Jiangsu Leasing Company or Jiangsu Financial Leasing Company	Jiangsu Financial Leasing Co., Ltd. (江蘇金融租賃股份有限公司)
Railway Group Company	Jiangsu Railway Group Limited (江蘇省鐵路集團有限公司)
Tongxingbao Company	Jiangsu Tongxingbao Smart Transport Technology Co., Ltd. (江蘇通行寶智慧交通科技股份有限公司)
Jinghu Company	Jiangsu Jinghu Expressway Company Limited (江蘇京滬高速公路有限公司)

SECTION I DEFINITIONS

Expressway Petroleum Company or Jiangsu Petroleum Company	Jiangsu Expressway Petroleum Development Co., Ltd. (江蘇高速公路石油發展有限公司)
Taixing Oil Products Company	Taixing Hechang Oil Products Trading Co., Ltd. (泰興市和暢油品銷售有限公司)
Far East Shipping Company	Jiangsu Far East Shipping Co., Ltd. (江蘇遠東海運有限公司)
Information Company	Jiangsu Expressway Information Engineering Co., Ltd. (江蘇高速公路信息工程有限公司)
Maintenance Technology Company	Jiangsu Expressway Engineering Maintenance Technology Co., Ltd. (江蘇高速公路工程養護技術有限公司)
Engineering Maintenance Company	Jiangsu Expressway Engineering Maintenance Company Limited (江蘇高速公路工程養護有限公司)
Human Resources Company	Jiangsu Communications Holding Human Resources Development Co., Ltd. (江蘇交控人力資源發展有限公司((formerly known as Jiangsu Communications Holding Training Co., Ltd. (前稱江蘇交控培訓有限公司)))
East Road & Bridge Company	Jiangsu East Road & Bridge Construction Maintenance Co., Ltd. (江蘇東方路橋建設養護有限公司)
Communications Holding Commercial Operation	Jiangsu Communications Holding Commercial Operation Management Co., Ltd. (江蘇交控商業運營管理有限公司)
Xitai Company	Jiangsu Xitai Tunnel Company Limited (江蘇錫泰隧道有限責任公司)
Cuipingshan Hotel	Jiangsu Cuipingshan Hotel Management Co., Ltd. (江蘇翠屏山賓館管理有限公司)
Sujiahang Company	Suzhou Sujiahang Expressway Co., Ltd. (蘇州蘇嘉杭高速公路有限公司)
Luode Fund Company	Jiangsu Luode Equity Investment Fund Management Company Limited (江蘇洛德股權投資基金管理有限公司)
Luode Dening	Nanjing Luode Dening Real Estate Investment Partnership (Limited Partnership) (南京洛德德寧房地產投資合夥企業(有限合夥))
Zhongbei Zhiyuan	Nanjing Luode Zhongbei Zhiyuan Equity Investment Partnership (Limited Partnership) (南京洛德中北致遠股權投資合夥企業(有限合夥))
Luode Huizhi	Nanjing Luode Huizhi Equity Investment Partnership (Limited Partnership) (南京洛德匯智股權投資合夥企業(有限合夥))

SECTION I DEFINITIONS

Ninghang Company	Jiangsu Ninghang Expressway Co., Ltd. (江蘇寧杭高速公路有限公司)
Ninghang Cultural Tourism Company	Jiangsu Ninghang Cultural Tourism Development Co., Ltd. (江蘇寧杭文化旅遊發展有限公司)
Husuzhe Company	Jiangsu Husuzhe Expressway Co., Ltd. (江蘇滬蘇浙高速公路有限公司)
Huatong Engineering Company	Jiangsu Huatong Engineering Testing Co., Ltd. (江蘇華通工程檢測有限公司)
Sutong Bridge Company	Jiangsu Sutong Bridge Co., Ltd. (江蘇蘇通大橋有限責任公司)
Sundian Testing Company	Jiangsu Sundian Engineering Testing Co., Ltd. (江蘇現代工程檢測有限公司)
Micro Video Company	Nanjing Micro Video Technology Company Limited (南京感動科技有限公司)
CDB Kai Yuan Phase II Fund	Suzhou Industrial Park CDB Kai Yuan Investment Center Phase II (Limited Partnership) (蘇州工業園區國創開元二期投資中心(有限合夥))
Shanghai-Nanjing Expressway	Jiangsu Section of Shanghai-Nanjing Expressway
Guangjing Expressway	Northern connection of Guangling-Jingjiang Section, Jiangyin Yangtze Bridge
Xicheng Expressway	Southern connection of Jiangyin-Wuxi Section, Jiangyin Yangtze Bridge
Jiangyin Bridge	Jiangyin Yangtze Bridge
Sujiahang Expressway	Jiangsu Section of Suzhou-Jiaxing – Hangzhou Expressway
Yanjiang Expressway	Changzhou – Taicang Expressway
Changjia Expressway	Kunshan – Wujiang Section of Changshu – Jiaxing Expressway
Zhendan Expressway	Zhenjiang – Danyang Expressway
Ningchang Expressway	Lishui Guizhuang Hub – Changzhou South Interchange Expressway
Zhenli Expressway	Dantu Hub – Liyang Qianma Hub Expressway
Xiyi Expressway	Wuxi North Hub – Yixing Xiwu Hub Expressway
Wuxi Huantaihu Expressway	Wuxi Shuofang Hub – Wuxi Nanquan Interchange Expressway

SECTION I DEFINITIONS

Sujiayong Expressway	Suzhou-Jiaxing – Ningbo Expressway
Wufengshan Toll Bridge	Wufengshan Toll Bridge and North – South Connection Project
Changyi Expressway	Changzhou – Yixing Expressway
Yichang Expressway	Jiangsu Section of Yixing – Changxing Expressway
Suxichang Expressway	Changzhou Qianhuang Hub – Wuxi Nanquan Hub
IC Company	IC İÇTAŞ İnşaat Sanayi ve Ticaret A.Ş., a joint stock company duly organized and validly existing under the laws of Turkey
Consortium	a consortium as a special purpose vehicle in Hong Kong jointly established by China Merchants Expressway, CMU, Zhejiang Expressway, the Company, Sichuan Expressway and Anhui Expressway through their respective wholly-owned subsidiaries in Hong Kong
CMU	China Merchants Union (BVI) Limited
Zhejiang Expressway	Zhejiang Expressway Co., Ltd.
Sichuan Expressway	Sichuan Expressway Co., Ltd.
Anhui Expressway	Anhui Expressway Co., Ltd.
Reporting Period	the half year period from 1 January 2021 to 30 June 2021
year-on-year	as compared with the same period of 2020
CSRC	China Securities Regulatory Commission
SFC	The Securities and Futures Commission of Hong Kong
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
A Shares	RMB-denominated ordinary shares issued by the Company and listed on the SSE
H Shares	overseas-listed foreign shares issued by the Company and listed on the Stock Exchange
ADR	Level 1 depositary receipts of the Company listed and traded in the over-the-counter market of the United States

SECTION I DEFINITIONS

Listing Rules	Listing Rules of the SSE and/or Hong Kong Listing Rules
Listing Rules of SSE	Rules Governing the Listing of Stocks on Shanghai Stock Exchange
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
PRC Accounting Standards	Accounting Standards for Business Enterprises and Relevant Provisions promulgated by the Ministry of Finance of the People's Republic of China
KPMG	KPMG Huazhen LLP
Deloitte	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Corporate Governance Code	The Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules

SECTION II COMPANY INFORMATION AND PRINCIPAL FINANCIAL INDICATORS

1. CORPORATE INFORMATION

Name of the Company in Chinese	江蘇寧滬高速公路股份有限公司
Abbreviated Chinese Name	寧滬高速
Name of the Company in English	Jiangsu Expressway Company Limited
Abbreviated English Name	Jiangsu Expressway
Legal Representative of the Company	Sun Xibin

2. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Representatives of securities affairs
Name	Yao Yong Jia	Tu Jun
Address	6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC	6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC
Telephone	8625-84362700-301838	8625-84362700-301835
Fax	8625-84207788	8625-84466643
Email	jsnh@jsexpwy.com	tujun@jsexpwy.com

3. CHANGE OF BASIC INFORMATION

Registered address of the Company	6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC
Business address of the Company	6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC
Postal code of the Company's business address	210049
Website of the Company	http://www.jsexpressway.com
Email	jsnh@jsexpwy.com

4. CHANGE OF PLACES FOR DISCLOSURE AND INSPECTION OF INFORMATION

Designated Media for Information Disclosure	China Securities Journal, Securities Times and Shanghai Securities News
Websites Designated for Publication of Interim Reports	www.sse.com.cn www.hkexnews.hk www.jsexpressway.com
Interim Report Available at	Shanghai Stock Exchange, 528 Pudong Road South, Shanghai, the PRC; Hong Kong Registrars Limited, Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong; Hong Kong registered address of the Company, 17/F, One Island East, Taikoo Place, No. 18 Westlands Road, Quarry Bay, Hong Kong; Headquarters of the Company, 6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC.

SECTION II COMPANY INFORMATION AND PRINCIPAL FINANCIAL INDICATORS

5. INFORMATION ON THE COMPANY'S SHARES

Class of shares	Stock exchange of listing	Stock abbreviation	Stock code	Previous stock abbreviation
A Shares	Shanghai Stock Exchange	寧滬高速	600377	–
H Shares	The Stock Exchange of Hong Kong Limited	Jiangsu Express	00177	–
ADR	United States	JEXYY	477373104	–

6. OTHER RELEVANT INFORMATION

Applicable Not Applicable

7. KEY ACCOUNTING DATA AND PRINCIPAL FINANCIAL INDICATORS

(I) Key accounting data

Unit: Yuan Currency: RMB

Key accounting data	The Reporting Period (January–June)	Corresponding period of the previous year	Increase/decrease in the Reporting Period as compared to the corresponding period of the previous year (%)
Operating revenue	5,061,764,712.00	2,668,351,072.50	89.70
Net profit attributable to the shareholders of the Company	2,679,329,242.91	485,637,446.44	451.71
Net profit attributable to the shareholders of the Company net of non-recurring profit or loss	2,389,901,746.70	419,417,173.47	469.81
Net cash flow from operating activities	2,599,589,338.93	895,329,150.48	190.35
	As at the end of the Reporting Period	As at the end of the previous year	Increase/decrease at the end of the Reporting Period as compared to the end of the previous year (%)
Net assets attributable to the shareholders of the Company	29,493,181,558.69	28,209,961,098.83	4.55
Total assets	67,498,023,853.64	61,095,560,365.16	10.48

Note: The figures under the "As at the end of the previous year" were audited, and other figures were unaudited.

SECTION II COMPANY INFORMATION AND PRINCIPAL FINANCIAL INDICATORS

7. KEY ACCOUNTING DATA AND PRINCIPAL FINANCIAL INDICATORS (CONTINUED)

(II) Principal financial indicators

Principal financial indicators	The Reporting Period (January–June)	Corresponding period of the previous year	Increase/ decrease in the Reporting Period as compared to the corresponding period of the previous year (%)
Basic earnings per share (<i>yuan/share</i>)	0.5319	0.0964	451.71
Diluted earnings per share (<i>yuan/share</i>)	N/A	N/A	N/A
Basic earnings per share net of non-recurring profit or loss (<i>yuan/share</i>)	0.4744	0.0833	469.81
Weighted average return on net assets (%)	8.93	1.71	Increased by 7.22 percentage points
Weighted average return on net assets net of non- recurring profit or loss (%)	8.00	1.48	Increased by 6.52 percentage points

Note: The figures were unaudited.

Explanations on the key accounting data and financial indicators of the Company

Applicable Not Applicable

The Company recorded a substantial decrease in operating revenue for the corresponding period of the previous year due to the exemption of tolls for use of expressways during the period from 17 February 2020 to 6 May 2020 amid the outbreak of COVID-19 pandemic; in contrast, the Company recorded a significant year-on-year increase in operating revenue for the Reporting Period due to the gradual recovery of road and bridge operations and ancilliary services.

8. DIFFERENCES IN ACCOUNTING DATA UNDER DOMESTIC AND FOREIGN ACCOUNTING STANDARDS

Applicable Not Applicable

SECTION II COMPANY INFORMATION AND PRINCIPAL FINANCIAL INDICATORS

9. ITEMS AND AMOUNTS OF NON-RECURRING PROFIT/LOSS

Applicable Not Applicable

Unit: Yuan Currency: RMB

Items of non-recurring profit or loss	Amount	Note (if applicable)
Gain or loss from disposal of non-current assets	-2,033.85	
Government grants included in profit or loss of the period (excluding those that are closely related to the ordinary operations of the Company and granted in compliance with national policies and regulations or subject to fixed amounts or fixed quantity under certain standards)	12,115,336.70	Mainly due to the compensation and deductible portion of value-added tax for construction of Ningchang Expressway and subsidies on the construction of transformation project of expressway provincial boundary toll stations recognized during the Reporting Period.
Profit or loss from changes in fair values of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities, and investment gains from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments, excluding effective hedging activities related to ordinary business operations of the Company	374,322,400.00	Mainly due to the gains from changes in fair value recognized for other non-current financial assets held by Ninghu Investment Company, a subsidiary of the Company, for the Reporting Period of approximately RMB314,007,000 and dividend of approximately RMB48,705,000.
Other non-operating income and expenses other than the aforesaid items	-306,103.87	
Effects attributable to minority interests	-169,703.02	
Effects of income tax	-96,532,399.75	
Total	<u>289,427,496.21</u>	

10. OTHERS

Applicable Not Applicable

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY OVERVIEW AND PRINCIPAL OPERATIONS OF THE COMPANY DURING THE REPORTING PERIOD

Established on 1 August 1992 in the Jiangsu Province of the People's Republic of China, the Group is the only listed company in the transportation and infrastructure industry of Jiangsu Province. On 27 June 1997, the Company issued 1,222,000,000 H Shares which were listed on the Stock Exchange. On 16 January 2001, the Company issued 150,000,000 A Shares which were listed on the SSE. The Group established Level I American Depositary Receipt (ADR) Program which became effective on 23 December 2002, for trading in the over-the-counter market in the United States of America. As at the end of the Reporting Period, the total share capital of the Company comprised 5,037,747,500 shares with a par value of RMB1 each.

The Group is principally engaged in the investment, construction, operation and management of toll roads and bridges in Jiangsu Province and the development and operation of ancillary service areas along such expressways. Apart from the Jiangsu section of Shanghai-Nanjing Expressway, the Group also owns the entire or partial interests of other toll roads and bridges located in Jiangsu Province, including Ningchang Expressway, Xicheng Expressway, Xiyi Expressway, Jiangyin Bridge, Sujiahang Expressway, Changyi Expressway, Yichang Expressway and Wufengshan Toll Bridge, etc. As at 30 June 2021, 17 road and bridge projects were directly operated and invested by the Group, and over 900 kilometers of the roads and bridges open to traffic were owned or invested by the Company.

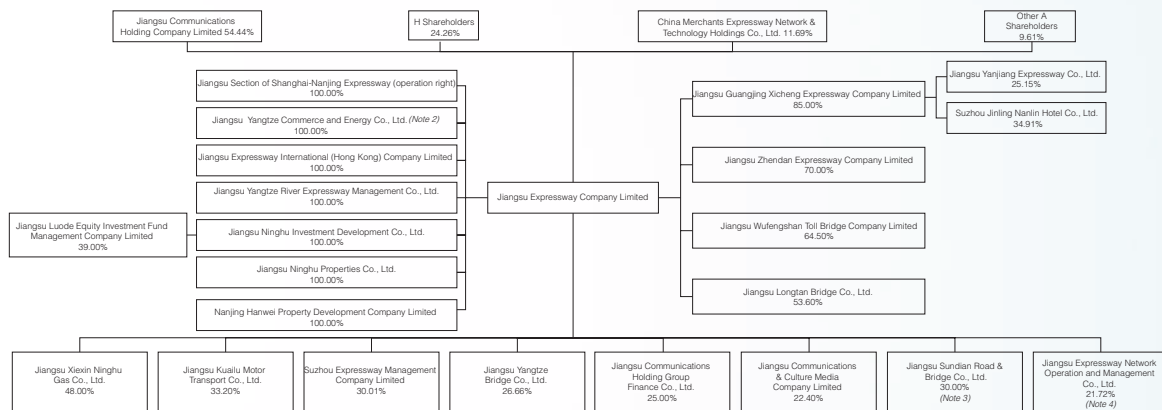
The Group's operating areas are located in the Yangtze River Delta, which is the most economically vibrant region in the PRC. The road and bridge projects owned or invested by the Company involve the roads and bridges serving as the major transport corridors linking roads stretching east-to-west and south-to-north across Jiangsu Province. The vibrant economy in the region leads to hectic traffic. The Jiangsu Section of Shanghai-Nanjing Expressway, being the Group's core assets, links six large and medium cities namely Shanghai, Suzhou, Wuxi, Changzhou, Zhenjiang and Nanjing, and is one of the busiest expressways in the PRC.

In addition, the Group is also actively exploring and venturing into the financial industry with transportation+ and industry promotion with finance, aiming to further enhance profitability and achieve sustainable development of the Group. As at 30 June 2021, the Group directly owned seven wholly-owned subsidiaries (Note 1), four non-wholly-owned subsidiaries and participated in eleven joint ventures, with total assets of approximately RMB67,498 million and net assets of approximately RMB34,340 million.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY OVERVIEW AND PRINCIPAL OPERATIONS OF THE COMPANY DURING THE REPORTING PERIOD (CONTINUED)

Major shareholding structure of the Group is illustrated below:



Note 1: On 26 February 2020, the sixteenth meeting of the ninth session of the Board of Directors of the Company resolved that the Company be approved to consolidate Ningchang Zhenli Company, a wholly-owned subsidiary by way of absorption and merger, and the same be submitted to the general meeting for consideration. On 23 April 2020, the second extraordinary general meeting of the Company resolved that Ningchang Zhenli Company, a wholly-owned subsidiary, be consolidated into the Company by way of absorption and merger. As at the end of July 2021, the Company had received the permission for deregistration of Ningchang Zhenli Company, and as such, the number of the wholly-owned subsidiaries of the Company decreased from seven to six.

Note 2: On 24 December 2020, upon consideration at the twenty-sixth meeting of the ninth session of the Board of Directors of the Company, it was approved that the Company would contribute RMB100,000,000 to set up a wholly-owned subsidiary, Yangtze Commerce and Energy Company. In February 2021, the industrial and commercial registration for Yangtze Commerce and Energy Company was completed, and the Business License was issued subsequently.

Note 3: The Company holds 15.00% equity interest of Sundian R&B Company, and Guangjing Xicheng Company (a non-wholly-owned subsidiary of the Company) and Yangtze Bridge Company (an investee company of the Company), each hold 7.50% equity interest of Sundian R&B Company, respectively.

Note 4: The Company holds 7.24% equity interest of Network Operation Company, Guangjing Xicheng Company, a non-wholly-owned subsidiary of the Company, holds 7.24% equity interest of Network Operation Company, and Suzhou Expressway Company and Yangtze Bridge Company, investee companies of the Company, each hold 3.62% equity interest of Network Operation Company.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

2. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Applicable Not Applicable

Since its establishment, the Group has been focusing on the transport infrastructure industry. The roads operated by the Group play a dominant role in the expressway networks in southern Jiangsu. It has accumulated rich experiences in large infrastructure investment, construction, operation and management and built a progressive and innovative management and staff team. Through its sound investment decision-making, operation management and risk management systems and leveraging on excellent financing platforms, the Group has built its distinct competitive edges for operation and development in the future.

Unique geographical advantages. The Group operates in the Yangtze River Delta region, the most economically vibrant region in the PRC. The road and bridge projects owned or invested by the Company are core components of the road transport corridors linking the two important industrial belts along the Yangtze River, Shanghai and Nanjing in the southern part of Jiangsu. With the integrated development of the Yangtze River Delta region, the prosperous economy in the region created a favorable environment for the long-term development of the Group and promoted the sustainable and steady improvement of the Group's economic efficiency.

High-quality road and bridge assets. 17 road and bridge projects are controlled or invested by the Group. The core roads and bridges of the Group are main lines in the expressway network in Jiangsu Province and an integral part in the national expressway network. With outstanding quality, such road assets gradually achieved synergistic benefits. The quality road network resources lay a solid foundation for stable growth in the operating results of the Group and provided guarantees to the sustainable and healthy development of the Group.

Leading operation concepts. The Group is engaged in road operation and has accumulated rich operation experience. The growth in the operating results from the Jiangsu Section of Shanghai-Nanjing Expressway is mainly attributable to the increase in the daily average traffic volume and the improved utilization of expressways, which demonstrated the competitive edge of the Group in roads operation and management. Meanwhile, the Group strengthened the development results with systems and built a modern corporate operation management and control pattern. It focuses on building digitalized expressways and intelligent traffic and has taken a leading position in road smoothness and rescue in the PRC.

Professional management team. The Group has built a professional and experienced operation management team after years of accumulation and development. Their professional capability has not only guaranteed the Group's quality and efficiency in expressway operation but also effectively reduced management costs and operational risks, bolstering the leading profitability of the Group in the industry. The Group gradually cultivated a capital operation team with international horizon leveraging on the capital market and boosted the strategic research and investment development capability of the Group. It actively optimizes its asset portfolio and acquires overseas projects by means of capital operation. The brand image of the Group was further enhanced driven by assets and capital operation as two wheels.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

2. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD (CONTINUED)

Comprehensive risk management. The Group proactively adapted to the new situation, and constantly improved its risk control system. By improving the top-level design, implementing risk control arrangement and developing risk strategy, the Group has built an integrated management platform covering legal and regulation compliance, internal control and risk management, which optimized management measures, strengthened in-process control and highlighted duty performance management, effectively consolidating the resources of all relevant parties. It kept improving and adapting its risk control system to the new development dynamics, and raised its risk management capability, so as to achieve its long-term goal of steady progress.

Outstanding financing platforms. The Group maintains listing status in three cities (Shanghai, Hong Kong and New York) of two countries (China and the U.S.) and achieves sound operation and sustainable performance growth with high credit rating, low gearing ratio and strong solvency. The Group has achieved outstanding results in investor relations management, and owns a stable investors base and an excellent market image in the domestic and overseas capital markets thanks to its sticking to a high payout dividend policy. The access to financing channels will help the Group consistently improve its financing structure and reduce financing costs in its future development through leveraging on the capital markets.

3. DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS

2021 is the outset year of the “14th Five-Year Plan”. Adhering to the business philosophy of prudent operation, the Group focused on principal business of road and bridge operations, further consolidated its main business and business ecosystem, and boosted the traffic efficiency of its road network and the efficiency of operation and management. Meanwhile, the Group steadily pushed ahead with financial investments, created new profit drivers, and advanced further in high-quality development, achieving a good start for the “14th Five-Year Plan”.

As at the end of June 2021, the total assets of the Company amounted to RMB67,498 million and net assets attributable to shareholders of the Company amounted to RMB29,493 million. During the Reporting Period, the Company’s operating revenue increased by 89.70% year-on-year to RMB5,062 million, total profits increased by 422.12% year-on-year to RMB3,436 million, net profit attributable to shareholders of the Company amounted to RMB2,679 million and earnings per share amounted to RMB0.5319. The operating net cash flow amounted to RMB2,600 million and the weighted average return on net assets was 8.93%.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

3. DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS (CONTINUED)

Road and Bridge Operations

- (i) **Toll policies.** There was no major adjustment to the toll policies of our roads during the Reporting Period, with preferential policies remaining effective, such as a 5% discount for ETC vehicles, toll-free travel for small passenger vehicles during major festivals and holidays, toll-free “green passage” for freight vehicles carrying fresh and live agricultural products, and preferential tolls for vehicles installed with “Unitoll Card” and “Preferential Port Container Vehicles” in Jiangsu Province. On 2 June 2021, the Ministry of Transport, the National Development and Reform Commission and the Ministry of Finance jointly issued the Implementation Plan for Comprehensively Promoting Differential Tolling on Expressways, proposing to promote differentiated tolling on expressways across the board. As at the date of this report, relevant authorities of Jiangsu Province are in the process of studying and developing the policy for differential tolling on expressways, the Company has been closely monitoring the developments of the policy and started research on developing countermeasures.
- (ii) **Operation and maintenance of roads and bridges.** The Group strove to ensure smooth traffic on expressways normally with supersaturated flow routine, formulated a heavy-flow multi-leveled management and control plan and tapped the potential through multi-dimensional sensing, collaborative management and control, flow regulation, intelligent guiding and other methods to materialize multi-leveled alerting and scientific management and control over traffic flow and thereby effectively improve the traffic efficiency of those sections with huge vehicle flow. The Company’s “technology for intelligent capacity expansion of expressways with supersaturated traffic flow” was selected as one among the “2020 List of Achievements of Major Scientific and Technological Innovation in Transportation” and “2020 Scientific and Technological Achievements in Transportation Development”, and the project of “research on key technologies for guaranteeing smooth traffic on hectic sections of Shanghai-Nanjing Expressway with super-huge flow and the engineering demonstration” won the second prize of Science and Technology Awards of China Highway & Transportation Society. The Group took the lead to pilot the “quasi-free flow” tolling technology in Jiangsu Province by conducting a pilot run of “quasi-free flow” system at a toll station of Wufengshan Toll Bridge to experiment with and promote the application of the “free flow” tolling technology, which aims to further improve the efficiency of expressway network operation and management. Moreover, the Group adopted centralized maintenance and intensive maintenance and made efforts to mechanize, standardize and refine road-related operations, so as to effectively reduce safety risks of road-related operations, avoid loss caused by congestion to the greatest extent, and lower maintenance costs while improving maintenance quality. During the Reporting Period, the time and frequency of road occupation for maintenance operations of the Group decreased by 10.5% and 20.9% respectively, as compared with the corresponding period of 2020, achieving the overall targets of decrease for three consecutive years. In addition, the Group conducted research and development on BIM+GIS maintenance management system, with aim to build intelligent platforms for maintenance and management of its bridges and tunnels and materialize intelligent maintenance of large and super-large bridges and tunnels such as Taihu Tunnel and Wufengshan Toll Bridge.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

3. DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS (CONTINUED)

Road and Bridge Operations (Continued)

- (iii) **Road and bridge projects under construction.** Upon the official opening of Yichang Expressway to traffic in January 2021, the Company's road network is further integrated into the Yangtze River Delta economic circle, which would drive regional economic prosperity and promote the Company's long-term development. Wufengshan Toll Bridge, which was put into operation in June 2021 and forms part of the central axis of Jiangsu's expressway network, will drive the integration and development of cross-river economy, consolidate and strengthen the core position of the Company in the road network in southern Jiangsu and improve the economic benefits of the Company. During the Reporting Period, RMB244 million was invested in the construction of the Longtan Bridge Project, bringing the cumulative investment to RMB1,582 million which accounts for 25.30% of the total investment for the project. The bridge is expected to be opened to traffic in 2024.
- (iv) **Analysis of road and bridge operations.** During the Reporting Period, the Group recorded toll revenue of approximately RMB4,050,912,000, representing a year-on-year increase of approximately 127.89%, and accounting for approximately 80.03% of the total operating revenue of the Group. In particular, the average daily toll revenue of Shanghai-Nanjing Expressway amounted to approximately RMB14,210,590, representing a year-on-year increase of 119.87%. During the Reporting Period, the average daily traffic volume of Shanghai-Nanjing Expressway was approximately 105,962 vehicles, representing a year-on-year increase of approximately 6.82%. Specifically, the traffic volume of passenger vehicles maintained stable growth at an average growth rate of approximately 4.92%, and represented approximately 80.82% of the total traffic volume; while the average daily traffic volume of trucks grew by approximately 15.62% year on year, and the traffic volume of trucks accounted for approximately 19.18% of the total traffic volume. The traffic volume of other road and bridge projects including Xiyi Expressway, Changjia Expressway and Zhendan Expressway continued to maintain a relatively good growth momentum. The data of the operations of each of the road and bridge projects during the Reporting Period is set out as below:

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

3. DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS (CONTINUED)

Road and Bridge Operations (Continued)

Analysis of road and bridge operations (Continued)

Project		Reporting Period	Corresponding period of the previous year	Year-on-year Change (%)
Shanghai-Nanjing Expressway	Total traffic volume (vehicles/day)	105,962	99,199	6.82
	Average daily toll revenue (RMB'000/day)	14,210.59	6,463.04	119.87
Ningchang Expressway	Total traffic volume (vehicles/day)	49,333	52,197	-5.49
	Average daily toll revenue (RMB'000/day)	2,754.78	1,008.11	173.26
Zhenli Expressway	Total traffic volume (vehicles/day)	19,056	21,293	-10.51
	Average daily toll revenue (RMB'000/day)	898.45	363.10	147.44
Xicheng Expressway	Total traffic volume (vehicles/day)	84,593	87,949	-3.82
	Average daily toll revenue (RMB'000/day)	1,717.82	883.90	94.35
Guangjing Expressway	Total traffic volume (vehicles/day)	73,334	89,063	-17.66
	Average daily toll revenue (RMB'000/day)	782.00	424.99	84.00
Xiyi Expressway	Total traffic volume (vehicles/day)	29,633	24,241	22.24
	Average daily toll revenue (RMB'000/day)	1,125.50	416.94	169.94
Wuxi Huantaihu Expressway	Total traffic volume (vehicles/day)	12,335	12,701	-2.88
	Average daily toll revenue (RMB'000/day)	150.15	98.98	51.69
Jiangyin Bridge	Total traffic volume (vehicles/day)	93,941	99,202	-5.30
	Average daily toll revenue (RMB'000/day)	3,445.70	1,729.14	99.27
Sujiahang Expressway	Total traffic volume (vehicles/day)	53,060	56,486	-6.07
	Average daily toll revenue (RMB'000/day)	2,490.39	1,312.82	89.70
Yanjiang Expressway	Total traffic volume (vehicles/day)	58,269	54,044	7.82
	Average daily toll revenue (RMB'000/day)	4,759.69	1,997.49	138.28
Changjia Expressway	Total traffic volume (vehicles/day)	54,719	46,783	16.96
	Average daily toll revenue (RMB'000/day)	1,224.61	486.75	151.59
Zhendan Expressway	Total traffic volume (vehicles/day)	20,450	18,060	13.24
	Average daily toll revenue (RMB'000/day)	249.38	107.97	130.98
Changyi Expressway	Total traffic volume (vehicles/day)	20,985	-	-
	Average daily toll revenue (RMB'000/day)	214.07	-	-
Yichang Expressway	Total traffic volume (vehicles/day)	18,045	-	-
	Average daily toll revenue (RMB'000/day)	310.56	-	-

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

3. DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS (CONTINUED)

Road and Bridge Operations (Continued)

Analysis of road and bridge operations (Continued)

Note 1: The tolls on toll roads nationwide were waived from 00:00 on 17 February 2020 until 00:00 6 May 2020.

Note 2: The Group has controlling or minority interests in 17 toll road and bridge projects, which include Wufengshan Toll Bridge, Longtan Bridge, Luma Class I Highway as well as 14 toll road and bridge projects listed in the table above. Luma Class I Highway is operated together with Xiyi Expressway, and thus the operational data of Xiyi Expressway includes the operational data of Luma Class I Highway.

Note 3: Changyi Expressway was put into operation in December 2020; and Yichang Expressway was put into operation in January 2021.

Ancillary services. (i) Setting up a professional company to operate service areas. During the Reporting Period, the Company set up a wholly-owned subsidiary, Yangtze Commerce and Energy Company, to engage in, among others, operation of commercial property in service areas, energy development and operation and public property management, so as to optimize the allocation of resources, enhance the professional operation of service areas and cultivate new growth points of the highway-derived economy. (ii) Efforts made to professionalize and refine the management of service areas. Centering on the theme of “sea voyages to the east of over 1,000 years ago”, Guangling Service Area in Yangzhou was constructed to enhance the brand value and recreate a “model service area” of Nanjing-Shanghai Expressway for other service areas. The Group proceeded with the construction of Taihuan Service Area and the upgrading of Gehu Service Area, aiming to build “refined, elegant and exquisite” service areas and improve service quality. (iii) Strengthening management through technological empowerment. The construction of the “Yiyuntong” cloud platform was well underway, which, once completed, will effectuate intelligent daily management, modularized collection and online fund centralization and thereby improve management efficiency.

During the Reporting Period, the Company realized revenue of approximately RMB702,456,000 from ancillary services, representing a year-on-year increase of approximately 14.80%. In particular, revenue from the rental business at service areas amounted to approximately RMB113,452,000, representing a year-on-year increase of 11.05%, which was mainly due to the expansion of outsourcing scale at services areas and the rental exemption for some commercial tenants during the outbreak of COVID-19 pandemic in 2020. The sales revenue of petroleum products was approximately RMB574,696,000, representing a year-on-year increase of 16.03%, which was mainly due to the increase in sales volume; and the gross profit from sales of petroleum products was approximately RMB105,624,000, representing a year-on-year increase of 6.81%. Driven by the year-on-year increase in gross profits of petroleum products, leasing and catering business, the gross profit of ancillary services increased by approximately 10.14% year-on-year.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

3. DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS (CONTINUED)

Road and Bridge Operations (Continued)

Real estate business. The Group is engaged in property development and sales through its subsidiaries, Ninghu Properties Company and Hanwei Company. During the Reporting Period, the Group steadily advanced the projects under construction, actively destocked and revitalized its inventory assets, and achieved good operating results. During the Reporting Period, the sales area of commodity housing of the Group was approximately 18,921 square meters, realizing pre-sale revenue of RMB384,698,000, and sales revenue carried forward amounted to approximately RMB251,537,000. Net profit after tax was approximately RMB52,299,000, representing a year-on-year increase of approximately 59.85%.

For the cost of property development and the products ready-for-sale, please refer to the paragraph headed “7. Inventories” under “Section X Financial Report”.

Investment business. (i) Gain from equity investments in road and bridge companies. The Group recorded investment income of approximately RMB403,190,000 from associated companies engaged in road and bridge operation for the Reporting Period, as compared to an investment loss of approximately RMB30,229,000 recorded for the corresponding period last year, which was mainly attributable to the resumption of tolling business. (ii) Dividends from other equity instruments. The Group received cumulative dividends of approximately RMB207,818,000 from other equity instruments for the Reporting Period, representing a year-on-year increase of approximately 39.20%, which was mainly attributable to the increase in dividends from financial companies invested by the Company. (iii) Gain from other non-current financial assets. The Group received dividends of approximately RMB48,705,000 in total from other non-current financial assets for the Reporting Period, which were paid during the Reporting Period by CDB Kai Yuan Phase II Fund subscribed by Ninghu Investment Company.

Other businesses. Other businesses of the Group mainly comprise advertising, factoring business, and management services carried on or provided by its subsidiaries. During the Reporting Period, the Group recorded revenue from other businesses of approximately RMB56,860,000, representing a year-on-year increase of approximately 44.76%, which was mainly attributable to the increase in revenue from commissioned operation and management services and factoring business.

Major changes in the business operations of the Company during the Reporting Period, and events occurring in the Reporting Period and with a significant impact on the business operations of the Company or expected to have a significant impact in the future

Applicable Not Applicable

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD

(I) Analysis of principal businesses

1 Table of analysis of changes in relevant items in the financial statements

Unit: Yuan Currency: RMB

Item	Reporting Period	Corresponding period of the previous year	Change (%)
Operating revenue	5,061,764,712.00	2,668,351,072.50	89.70
Operating costs	2,220,101,069.51	1,859,290,222.19	19.41
Selling expenses	13,038,092.98	8,977,337.47	45.23
Administrative expenses	73,844,971.95	73,831,410.68	0.02
Financial expenses	293,958,394.97	256,387,221.40	14.65
Research and development (R&D) expenses	—	—	—
Net cash flow from operating activities	2,599,589,338.93	895,329,150.48	190.35
Net cash flow from investing activities	-3,357,134,205.51	-3,291,196,408.42	2.00
Net cash flow from financing activities	900,420,621.30	2,275,283,608.14	-60.43
Taxes and surcharges	63,266,494.98	39,258,353.21	61.15
Gain on change in fair value	314,007,325.26	50,461,176.80	522.28
Other income	12,115,336.70	9,387,442.24	29.06
Investment income	712,266,896.33	147,761,973.92	382.04
Non-operating income	7,809,364.22	29,557,223.53	-73.58
Income tax	734,392,901.87	173,933,369.86	322.23
Other comprehensive income, net of tax	917,174,691.95	-809,582,328.42	—

Note: The figures shown in the table were unaudited.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of principal businesses (Continued)

1 Table of analysis of changes in relevant items in the financial statements (Continued)

Reasons for the change in operating revenue: During the Reporting Period, the Group recorded a significant year-on-year increase in toll revenue as its toll business regained momentum, compared to a decrease in toll revenue during the corresponding period last year mainly due to the impact of the COVID-19 pandemic and the toll-free passage policy.

Reasons for the change in operating costs: The year-on-year increase in operating costs was mainly due to (i) the growth in traffic volume and the increase in amortization of toll road operation rights as a result of the completion and opening of Changyi Expressway, Yichang Expressway and Wufengshan Toll Bridge during the Reporting Period; and (ii) the increase in maintenance costs of roads and bridges as a result of the maintenance of pavement overlay of certain sections of Shanghai-Nanjing Expressway, the overhaul of Wuxi Huantaihu Expressway and the construction works delayed due to the outbreak of the COVID-19 last year having been carried out in the Reporting Period, and the corresponding increase in procurement costs of petroleum products.

Reasons for the change in selling expenses: The increase in selling expenses was mainly due to the year-on-year increase in advertising fees and sales commission of the property projects of relevant subsidiaries during the Reporting Period.

Reasons for the change in administrative expenses: Administrative expenses were basically flat as compared to the corresponding period last year, which was mainly due to the Group's strengthened budget management and tightened cost control during the Reporting Period.

Reasons for change in financial expenses: After Changyi Expressway, Yichang Expressway and Wufengshan Toll Bridge were completed and opened to traffic, the interest accrued on borrowings for these projects were recognized as expenses during the Reporting Period, resulting in a corresponding increase in financial expenses.

Reasons for the changes in R&D expenses: None.

Reasons for the change in net cash flow from operating activities: The Group recorded a strong rebound in toll revenue as compared to the corresponding period last year, which resulted in a substantial year-on-year increase in net cash flow from operating activities.

Reasons for the change in net cash flow from investing activities: The investment in wealth management products increased year-on-year, which led to a slight year-on-year increase in net cash outflow from investing activities.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of principal businesses (Continued)

1 Table of analysis of changes in relevant items in the financial statements (Continued)

Reasons for the change in net cash flow from financing activities: The Group's borrowings increased during the corresponding period last year mainly due to the impact of the COVID-19 and the toll-free passage policy; while during the Reporting Period, the Group's toll revenue growth recovered and borrowings decreased, and the capital contributions received by subsidiaries from minority shareholders decreased year-on-year, resulting in a year-on-year decrease in net cash flow from financing activities.

Reasons for the change in taxes and surcharges: The year-on-year increase in taxes and surcharges accrued during the Reporting Period was mainly due to the increase in the Group's toll revenue during the Reporting Period and the partial tax relief as a result of the COVID-19 pandemic in the corresponding period last year.

Reasons for the change in gain on change in fair value: Mainly due to the year-on-year increase in the fair value of other non-current financial assets held by Ninghu Investment Company, a subsidiary of the Company during the Reporting Period.

Reasons for the change in other income: Mainly due to the carry-over from government subsidy for the reconstruction of expressway provincial boundary toll stations during the Reporting Period.

Reasons for change in investment income: Mainly due to the year-on-year increase in investment income contributed by associates engaged in road and bridge operations as they recorded substantial increase in their operating results during the Reporting Period; and the year-on-year increases in dividend from investments in other equity instruments and distribution from other non-current financial assets.

Reasons for the change in non-operating income: The year-on-year decrease in non-operating income during the Reporting Period was mainly due to the receipt of compensation for soil pits and the write-off of long outstanding accounts payable during the corresponding period last year.

Reasons for the change in income tax: Mainly due to the fact that the Group had relatively less taxable income during the corresponding period last year as a result of the impact of the COVID-19 and the toll-free passage policy.

Reasons for the change in other comprehensive income, net of tax: The year-on-year increase in other comprehensive income was mainly due to the significant increase in fair value of investments in other equity instruments held by the Group during the Reporting Period.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of principal businesses (Continued)

1 Table of analysis of changes in relevant items in the financial statements (Continued)

(1) Principal operating activities by industry and region

Unit: Yuan Currency: RMB

By industry	Operating revenue	Operating costs	Principal operating activities by industry			
			Gross profit margin (%)	Year-on-year change in operating revenue (%)	Year-on-year change in operating cost (%)	Year-on-year change in gross profit margin
Toll roads	4,050,911,673.39	1,486,309,751.54	63.31	127.89	24.17	Increased by 30.65 percentage points
Shanghai-Nanjing Expressway	2,572,116,454.12	795,750,752.45	69.06	118.67	23.64	Increased by 23.78 percentage points
Guangjiing Expressway and Xicheng Expressway	452,468,020.00	103,797,953.49	77.06	89.94	-6.88	Increased by 23.85 percentage points
Ningchang Expressway and Zhenli Expressway	661,234,618.37	297,498,419.87	55.01	164.96	-6.17	Increased by 82.05 percentage points
Xiyi Expressway and Wuxi Huantaihu Expressway	230,892,160.35	149,829,716.79	35.11	145.90	47.29	Increased by 43.45 percentage points
Zhendan Expressway	45,138,428.10	29,369,673.00	34.93	129.71	26.77	Increased by 52.84 percentage points
Changyi Expressway	38,746,551.00	39,692,703.10	-2.44	-	-	-
Yichang Expressway	50,311,054.80	69,313,250.82	-37.77	-	-	-
Wufengshan Toll Bridge	4,386.65	1,057,282.02	-24,002.27	-	-	-
Ancillary services	702,455,980.21	606,773,729.36	13.62	14.80	15.58	Decreased by 0.58 percentage points
Property sales	251,537,118.91	89,306,984.48	64.50	4.98	-18.99	Increased by 10.50 percentage points
Other businesses	56,859,939.49	37,710,604.13	33.68	44.76	39.59	Increased by 2.46 percentage points
Total	5,061,764,712.00	2,220,101,069.51	56.14	89.70	19.41	Increased by 25.82 percentage points

Note: During Reporting Period, the Group's toll road business showed a steady growth momentum, and toll revenue recorded a significant year-on-year increase. As a result, the gross profit margin of toll road business increased as compared to the corresponding period last year. Changyi Expressway, Yichang Expressway and Wufengshan Toll Bridge recorded operating losses as they were newly open to traffic and still at the infancy stage of developing traffic volume.

Principal operating activities by industry and product: Nil.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of principal businesses (Continued)

1 Table of analysis of changes in relevant items in the financial statements (Continued)

(2) Analysis of costs

During the Reporting Period, accumulated operating costs amounted to approximately RMB2,220,101,000, representing a year-on-year increase of approximately 19.41%. The cost structure of each business category is set out below:

Unit: Yuan Currency: RMB

By industry	Components of costs	Amount for the Reporting Period	By industry		Change in percentage of the amount for the Reporting Period compared with the corresponding period last year (%)	Explanation	
			Percentage in total costs for the Reporting Period (%)	Amount for the corresponding period last year			
Toll roads	-	1,486,309,751.54	66.95	1,197,035,388.35	64.38	24.17	
-	Depreciation and amortization	855,995,694.42	38.56	745,349,229.43	40.09	14.84	The amortization of toll road operation rights increased mainly due to the opening of new road and bridge projects in the Reporting Period.
-	Costs on maintenance	209,064,763.46	9.42	90,000,499.83	4.84	132.29	The costs of road maintenance increased year-on-year mainly due to the maintenance of pavement overlay of certain sections of Shanghai-Nanjing Expressway, the major overhaul of Wuxi Huantaihu Expressway and the resumption of construction works delayed due to the COVID-19 epidemic last year during the Reporting Period.
-	Costs on system maintenance	8,982,235.03	0.40	4,238,044.31	0.23	111.94	The increase in costs on system maintenance was mainly due to the resumption of construction works delayed due to the COVID-19 epidemic last year during the Reporting Period and the opening of new road and bridge projects.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of principal businesses (Continued)

1 Table of analysis of changes in relevant items in the financial statements (Continued)

(2) Analysis of costs (Continued)

By industry	Components of costs	Amount for the Reporting Period	By industry		Change in percentage of the amount for the Reporting Period compared with the corresponding period last year (%)	Explanation	
			Percentage in total costs for the Reporting Period (%)	Amount for the corresponding period last year			
-	Costs on toll collection	68,194,359.23	3.07	48,350,275.51	2.6	41.04	The year-on-year increase in costs on toll collection was mainly due to the increase in toll revenue during the Reporting Period and the corresponding year-on-year increase in road network management fees, as well as the opening of new road and bridge projects.
-	Labour costs	344,072,739.40	15.50	309,097,339.27	16.62	11.32	
Ancillary services	-	606,773,729.36	27.33	525,002,197.70	28.24	15.58	
-	Raw materials	448,001,045.44	20.18	377,916,696.35	20.33	18.54	The year-on-year increase in procurement cost of raw materials was mainly due to the increase in sales volume of petroleum products during the Reporting Period.
-	Depreciation and amortization	26,586,662.74	1.20	28,252,899.48	1.52	-5.90	
-	Labour costs	91,798,828.62	4.13	81,461,935.33	4.38	12.69	
-	Other costs	40,387,192.56	1.82	37,370,666.54	2.01	8.07	
Property sales	-	89,306,984.48	4.02	110,236,786.05	5.93	-18.99	The year-on-year decrease in costs of property sales business was mainly due to the reduction of carried-forward costs of certain property projects as a result of the settlement of construction payment in the Reporting Period.
Other businesses	-	37,710,604.13	1.70	27,015,850.09	1.45	39.59	The year-on-year increase in costs of other businesses was mainly due to the increase in management costs and financing costs of factoring business of Yangtze River Company during the Reporting Period.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of principal businesses (Continued)

2 Description of material change in business type, profit composition or profit source of the Company during the Reporting Period

Applicable Not Applicable

(II) Explanation on major changes in profits caused by non-principal business

Applicable Not Applicable

(III) Analysis of assets and liabilities

Applicable Not Applicable

1. Assets and Liabilities

Unit: Yuan Currency: RMB

Item	Amount as at the end of the Reporting Period	Percentage in the total assets as at the end of the Reporting Period (%)	Amount as at the end of the previous period	Percentage in the total assets as at the end of the previous period (%)	Percentage change of the amount as at the end of the Reporting Period compared to that at the end of the previous year (%)	Explanations on changes
Cash and bank balances	521,590,786.57	0.77	386,712,702.84	0.63	34.88	Mainly due to the increase in the fund reserves of subsidiaries intended for construction payment and repayment of loans at the end of the Reporting Period.
Long-term equity investments	7,443,381,722.76	11.03	7,130,527,090.60	11.67	4.39	Mainly due to the increase in investment income contributed by associates during the Reporting Period.
Fixed assets	2,576,837,223.04	3.82	2,048,237,771.21	3.35	25.81	Mainly due to the transfer of Yichang Expressway and Wufengshan Toll Bridge from construction in progress to fixed assets upon their completion and opening to traffic during the Reporting Period.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(III) Analysis of assets and liabilities (Continued)

1. Assets and Liabilities (Continued)

Item	Amount as at the end of the Reporting Period	Percentage in the total assets as at the end of the Reporting Period (%)	Amount as at the end of the previous period	Percentage in the total assets as at the end of the previous period (%)	Percentage change of the amount as at the end of the Reporting Period compared to that at the end of the previous year (%)	Explanations on changes
Construction in progress	1,825,685,499.32	2.70	15,280,716,856.65	25.01	-88.05	Mainly due to the transfer of Yichang Expressway and Wufengshan Toll Bridge from construction in progress to fixed assets upon their completion and opening to traffic during the Reporting Period.
Long-term borrowings	12,734,787,411.50	18.87	11,545,381,743.39	18.90	10.30	Mainly due to the increase in loans for road and bridge projects under construction at the end of the Reporting Period as compared to the beginning of the period.
Held-for-trading financial assets ^(Note 1)	3,752,697,533.80	5.56	1,533,818,523.40	2.51	144.66	Mainly due to the increase in wealth management products held by the Group at the end of the Reporting Period as compared to the beginning of the period.
Prepayments	74,183,412.44	0.11	21,907,475.29	0.04	238.62	Mainly due to the increase in prepayments for petroleum products at the end of the Reporting Period as compared to the beginning of the period.
Other receivables	114,588,745.18	0.17	74,322,733.51	0.12	54.18	Mainly due to the cash dividends declared but not yet paid by associates during the Reporting Period.
Other current assets	1,279,847,680.31	1.90	1,052,050,289.90	1.72	21.65	Mainly due to the increase in the Group's financing factoring balance and prepaid VAT at the end of the Reporting Period as compared to the beginning of the period.
Investments in other equity instruments	6,806,710,952.71	10.08	5,471,025,963.66	8.95	24.41	Mainly due to the increase in the book value of the Group's investments in other equity instruments recognized at fair value during the Reporting Period.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(III) Analysis of assets and liabilities (Continued)

1. Assets and Liabilities (Continued)

Item	Amount as at the end of the Reporting Period	Percentage in the total assets as at the end of the Reporting Period (%)	Amount as at the end of the previous period	Percentage in the total assets as at the end of the previous period (%)	Percentage change of the amount as at the end of the Reporting Period compared to that at the end of the previous year (%)	Explanations on changes
Other non-current financial assets	2,396,998,435.32	3.55	2,039,192,599.15	3.34	17.55	Mainly due to the increase in valuation of other non-current financial assets held by the Group at the end of the Reporting Period as compared to the beginning of the period.
Intangible assets	35,933,250,768.66	53.24	21,298,818,056.01	34.86	68.71	Mainly due to the transfer of Yichang Expressway and Wufengshan Toll Bridge from construction in progress upon their completion and opening to traffic during the Reporting Period.
Notes payable	24,950,000.00	0.04	38,400,000.00	0.06	-35.03	Mainly due to the decrease in bank acceptances issued by subsidiaries for construction payments at the end of the Reporting Period as compared to the beginning of the period.
Accounts payable	2,637,305,575.29	3.91	1,701,582,093.30	2.79	54.99	Mainly due to the increase in construction costs payable for road and bridge projects under construction at the end of the Reporting Period as compared to the beginning of the period.
Other payables	2,600,688,367.59	3.85	240,226,212.82	0.39	982.60	Mainly attributable to the cash dividends declared but not yet paid as at the end of the Reporting Period.
Non-current liabilities due within one year	315,655,575.04	0.47	1,103,456,242.14	1.81	-71.39	Mainly due to the repayment of RMB1 billion of medium-term notes due within one year in the Reporting Period.
Other current liabilities	7,159,787,333.60	10.61	8,327,987,272.56	13.63	-14.03	Mainly due to the redemption of ultra short-term notes during the Reporting Period, resulting in a decrease in the balance as compared to the beginning of the period.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(III) Analysis of assets and liabilities (Continued)

1. Assets and Liabilities (Continued)

Item	Amount as at the end of the Reporting Period	Percentage in the total assets as at the end of the Reporting Period (%)	Amount as at the end of the previous period	Percentage in the total assets as at the end of the previous period (%)	Percentage change of the amount as at the end of the Reporting Period compared to that at the end of the previous year (%)	Explanations on changes
Bonds payable	3,980,374,664.00	5.90	1,984,606,358.58	3.25	100.56	Mainly due to the issuance of corporate bonds of RMB1 billion and medium-term notes of RMB1 billion in the Reporting Period.
Provisions	4,510,612.50	0.01	54,115,762.42	0.09	-91.66	Mainly due to the partial payment of the penalty for the delayed delivery of the South Nanjing New City project during the Reporting Period.
Deferred tax liabilities	672,876,238.55	1.00	305,018,990.45	0.50	120.60	Mainly due to the adjustment of other comprehensive income based on the fair value of other equity instruments held by the Group, and the corresponding adjustment to the deferred income tax liabilities during the Reporting Period.
Other comprehensive income	1,728,210,036.89	2.56	806,954,969.94	1.32	114.16	Mainly due to the adjustment of other comprehensive income based on the fair value of other equity instruments held by the Group during the Reporting Period.
Total assets	67,498,023,853.64	100.00	61,095,560,365.16	100.00	10.48	
Total gearing ratio	49.12%	-	45.91%	-	Increased by 3.22 percentage points	
Net gearing ratio	96.56%	-	84.86%	-	Increased by 11.70 percentage points	

Total gearing ratio is calculated by dividing liabilities by total assets; and net gearing ratio is calculated by dividing liabilities by shareholders' equity.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(III) Analysis of assets and liabilities (Continued)

2. Overseas Assets

Applicable Not Applicable

(1) Amount of assets

Including: Overseas assets in the amount of USD11,155.04, representing 0% of the Group's total assets.

(2) Explanations on overseas assets

Applicable Not Applicable

The overseas assets mainly represented the balance of monetary funds of Ninghu International Company at the end of the Reporting Period.

3. Major restricted assets as at the end of the Reporting Period

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Book value as at the end of the Reporting Period	Reasons for restriction
Bank deposits	5,104,358.50	Security deposits for mortgage loans to customers
Bank deposits	21,609,080.00	Supervised proceeds from pre-sale
Bank deposits	1,012,500.00	Security deposits for notes
Intangible assets	11,394,707,723.27	Pledge of toll road operation rights of expressways
Total	<u>11,422,433,661.77</u>	

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(III) Analysis of assets and liabilities (Continued)

3. Major restricted assets as at the end of the Reporting Period (Continued)

(1) Explanation for restricted bank deposits

As at the end of the Reporting Period, the Group's other cash and bank balances consisted of security deposits for mortgage loans to customers of RMB5,104,000, supervised proceeds from pre-sale of RMB21,609,000, and security deposits for notes issued of RMB1,013,000. Among these items, the security deposits for mortgage loans to customers represented the bank deposits of the Group that are frozen by banks granting mortgage loans to customers buying property from Ninghu Properties Company in accordance with relevant agreements, which shall be released upon the banks having received and reviewed the building right encumbrances certificates of the relevant customers. According to the requirements of some local authorities (such as Nanjing, Suzhou, Jurong, Kunshan, etc.) in China, real estate developers need to open a supervised bank account when applying for pre-sale permit for new commercial properties. All the pre-sale proceeds should be transferred to such account which is supervised by regulator and all cash payments from such account should coincide with the construction progress in order to ensure the proceeds being used for property construction on a priority basis. The security deposits for notes are the deposits collected by Finance Company on a pro-rata basis for commercial bills drawn by Longtan Bridge Company in accordance with regulatory requirements.

(2) Explanation for restricted intangible assets

Guangjing Xicheng Company, a subsidiary of the Group, entered into a loan contract with Wuxi branch of Industrial and Commercial Bank of China in respect of a loan of RMB1,200 million in aggregate, which was secured by the toll road operation right of Guangjing Expressway. As at the end of the Reporting Period, the loan balance amounted to RMB461 million.

Wufengshan Company, a subsidiary of the Group, entered into a loan contract with each of Jiangsu Sub-branch (directly administered) of China Construction Bank and Jiangsu Branch of China Development Bank in respect of a loan in the amount of RMB2,000 million and RMB2,500 million, respectively, which were secured by part of the toll road operation right of Wufengshan Toll Bridge and the toll road operation rights of North-South Approach Expressways. As at the end of the Reporting Period, balances of the loans amounted to RMB1,760.5 million and RMB380 million respectively.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(III) Analysis of assets and liabilities (Continued)

3. Major restricted assets as at the end of the Reporting Period (Continued)

(2) Explanation for restricted intangible assets (Continued)

Changyi Company, a subsidiary of the Group, entered into a loan contract with Nanjing Branch of Postal Saving Bank of China in respect of a loan of RMB500 million in aggregate, which was secured by the toll road operation right of Changyi Expressway. As at the end of the Reporting Period, the loan balance was RMB50 million.

Yichang Company, a subsidiary of the Group, entered into a loan contract with Nanjing Branch of Postal Saving Bank of China in respect of a loan of RMB500 million in aggregate, which was secured by the toll road operation right of Yichang Expressway. As at the end of the Reporting Period, the loan balance was RMB250 million.

4. Other explanations

Applicable Not Applicable

(1) Capital expenditures

In the first half of 2021, the main capital expenditures of the Group were as follows:

Items of Capital Expenditures	Amount (RMB)
Wufengshan Toll Bridge	1,216,433,727.36
Yichang Expressway	1,153,713,379.14
Longtan Bridge	244,311,880.72
CDB Kai Yuan Phase II Fund	47,009,707.46
Ninghu International Company	732,310.87
Yangtze Commerce and Energy Company	100,000,000.00
Others	69,907,626.94
Total	<u>2,832,108,632.49</u>

Note: The figures as shown in above table have taken into account the capital investments in the Group's subsidiaries.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(III) Analysis of assets and liabilities (Continued)

4. Other explanations (Continued)

(2) Capital structure and solvency

The Group attached great importance to maintaining a reasonable capital structure and continuously improved its profitability in order to maintain the Group's good credit rating and sound financial position. As at the end of the Reporting Period, the total liabilities of the Group amounted to approximately RMB33,158,207,000. The overall gearing ratio of the Group was approximately 49.12% (calculated as total liabilities divided by total assets), an increase of approximately 3.22 percentage points from the beginning of the period. In view of the Group's stable and abundant operating cash flow and sound capacity of financing and capital management, the management believes that the gearing ratio remained at a safe level at the end of the Reporting Period.

(3) Financial strategy and financing arrangement

During the Reporting Period, the Group actively expanded its financing channels, adjusted its debt structure and reduced financing costs. Through adopting a proactive financing strategy, the Company was able to meet the funding needs of its operation and management and project investment and controlled the financing costs effectively. The Group's borrowing requirements are not subject to seasonality. During the Reporting Period, an additional fund of RMB10,460,000,000 was obtained through direct financing. As at 30 June 2021, the Group's borrowings amounted to RMB14,501,363,000, of which RMB4,325,154,000 were fixed-rate loans. As at the end of the Reporting Period, the balance of interest-bearing liabilities amounted to approximately RMB25,531,360,000, representing an increase of approximately RMB1,279,250,000 as compared with the beginning of the period; and the rate of the consolidated borrowing costs on interest-bearing liabilities of the Group was approximately 3.62%, representing a decrease of approximately 0.37 percentage point year-on-year, approximately 0.85 percentage point lower than the loan prime rate (LPR) for the same period. During the Reporting Period, the Company's major financing activities included:

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(III) Analysis of assets and liabilities (Continued)

4. Other explanations (Continued)

(3) Financial strategy and financing arrangement (Continued)

Currency: RMB

Type of financing instrument	Date of issuance	Term	Financing amount RMB'000	Interest rate of Issuance %	Loan prime rate (LPR) %	Decrease in financing costs %
Ultra short-term notes	6 January 2021	86 days	1,000,000	2.40	3.85	1.45
Ultra short-term notes	26 January 2021	115 days	430,000	2.70	3.85	1.15
Ultra short-term notes	8 February 2021	151 days	1,000,000	3.00	3.85	0.85
Ultra short-term notes	9 March 2021	178 days	600,000	2.76	3.85	1.09
Ultra short-term notes	10 March 2021	177 days	400,000	2.82	3.85	1.03
Ultra short-term notes	18 March 2021	183 days	1,000,000	2.82	3.85	1.03
Ultra short-term notes	19 March 2021	175 days	500,000	2.82	3.85	1.03
Ultra short-term notes	19 March 2021	175 days	500,000	2.82	3.85	1.03
Ultra short-term notes	1 April 2021	180 days	1,000,000	2.75	3.85	1.10
Ultra short-term notes	12 April 2021	270 days	500,000	2.89	3.85	0.96
Ultra short-term notes	14 April 2021	121 days	500,000	2.73	3.85	1.12
Ultra short-term notes	21 April 2021	121 days	300,000	2.45	3.85	1.40
Ultra short-term notes	21 April 2021	121 days	200,000	2.45	3.85	1.40
Ultra short-term notes	18 May 2021	122 days	430,000	2.45	3.85	1.40
Ultra short-term notes	23 June 2021	121 days	100,000	2.45	3.85	1.40
Medium-term notes	17 June 2021	3 years	1,000,000	3.45	3.85	0.40
Corporate bonds	2 February 2021	3+2 years*	1,000,000	3.70	4.65	0.95

Note: The issuer, i.e. the Company, has the right to adjust the coupon rate for the following two years after the end of the third year during the term of the bonds, and the investors have the right to continue to hold the bonds or to sell all or part of the bonds which they hold back to the Company at par value.

(4) Credit policy

In order to minimize credit risk, the Group controls credit limits, performs credit approvals and implements other control procedures to ensure that necessary follow-up actions are taken to recover overdue debts. In addition, the Group reviews the recovery of its receivables on each balance sheet date to ensure that adequate provisions are made for bad debts. In view of the above, the management considers that the Group's credit risk is relatively low.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(III) Analysis of assets and liabilities (Continued)

4. Other explanations (Continued)

(5) Contingencies

As a common practice in the real estate industry, Ninghu Properties Company and Hanwei Company, subsidiaries of the Group, provide joint and several guarantees in connection with mortgage loans granted to buyers of commodity housing properties. The guarantee obligation shall begin from the effective date of a guarantee contract and cease when the registration of mortgage in respect of a purchased property is completed and the Building Right Encumbrances Certificate is submitted to the bank. As at 30 June 2021, the outstanding guarantees amounted to approximately RMB566,972,000. The Company has provided a wholly-owned subsidiary, Factoring Company, with a joint and several guarantee to secure the comprehensive credit line granted to Factoring Company, with a maximum guaranteed amount of RMB670,000,000. The guarantee is effective for a period of three years. As at 30 June 2021, the guarantee balance was approximately RMB413,150,000.

(6) Entrusted loans

As at 30 June 2021, the entrusted loans obtained by the Company and its subsidiaries were as follows:

Unit: Yuan Currency: RMB

Type	Source of funds	Amount incurred	Unexpired balance	Overdue outstanding amount
Entrusted loans	Internal funds	<u>123,000,000.00</u>	<u>1,510,000,000.00</u>	<u>-</u>

Note: As at the end of the Reporting Period, the Company's entrusted loan balance was RMB1,510,000,000. In particular, the entrusted loans to Zhendao Company, a non-wholly-owned subsidiary of the Company, were RMB100,000,000, and the entrusted loans to Hanwei Company and Ninghu Properties Company, both being wholly-owned subsidiaries of the Company, were RMB660,000,000 and RMB750,000,000, respectively.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(III) Analysis of assets and liabilities (Continued)

4. Other explanations (Continued)

(7) Foreign exchange risks

The Group currently operates its businesses principally in the PRC. There are no material foreign exchange risks as the Group's operating revenue and major capital expenditures are all settled in Renminbi except for dividend payments for H Shares and the Group has no investment in foreign currency. The Group obtained a loan of USD9,800,000 from the Spanish Government in 1998 at the interest rate of 2% per annum. The Group shall make annual payment in relation to the repayment of the principal and interest until the loan matures on 18 July 2027. As at 30 June 2021, the balance of the loan was equivalent to approximately RMB12,004,000, against which no foreign exchange hedging arrangements were made by the Group. Fluctuation in exchange rates will have no material impact on the Group's performance.

(IV) Analysis of investment

1. Overall analysis of external investment

Applicable Not Applicable

During the Reporting Period, the total amount of external investments of the Group was approximately RMB2,661,468,000, representing a year-on-year decrease of approximately 16.60%. Details of the investments are set out below:

(1) Material equity investments

Applicable Not Applicable

As approved by the Board of Directors of the Company, Ninghu Investment Company has subscribed for a total of RMB1.2 billion units in CDB Kai Yuan Phase II Fund. During the Reporting Period, Ninghu Investment Company made capital contribution of approximately RMB47,009,000. As at the end of the Reporting Period, the total capital contribution made by Ninghu Investment Company amounted to RMB1,031,564,000, representing 85.96% of its committed contribution. To date, the fund has completed 73 committed investment projects, covering financial, medical, logistics and other fields.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(IV) Analysis of investment (Continued)

1. Overall analysis of external investment (Continued)

(2) Material non-equity investments

Applicable Not Applicable

During the Reporting Period, the Group continued to push forward with its road and bridge projects under construction in an orderly manner. RMB1,153,713,000 was invested in the construction of Yichang Expressway Project, bringing the total investment in the project to RMB3,978,702,000, and the project was completed and opened to traffic in January 2021. RMB1,216,433,000 was invested in the construction of Wufengshan Toll Bridge Project, bringing the total investment in the project to RMB12,060,774,000, and the project was completed and opened to traffic at the end of June 2021. RMB244,312,000 was invested in the construction of Longtan Bridge Project, bringing the cumulative investment in the project to RMB1,582,376,000 which represented 25.30% of the estimated total investment; the project is expected to be completed in 2024.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(IV) Analysis of investment (Continued)

1. Overall analysis of external investment (Continued)

(3) Financial assets measured at fair value

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Initial investment cost	Source of funds	Purchased/sold	Investment income	Change in fair value
Fund investments-Fuanda Advantageous Growth	9,999,400.00	Internal funds	-	-	4,628,722.26
Wealth management products	-	Internal funds	3,717,800,000.00	9,954,221.36	-
Gold investments	2,909,012.43	Internal funds	-2,909,012.43	1,196,462.18	-1,417,525.71
Other non-current financial assets (CDB Kai Yuan Phase II)	984,555,554.91	Internal funds	47,009,707.46	48,704,755.55	296,637,515.83
Other non-current financial assets (Luode Dening)	-	Internal funds	-	-	-
Other non-current financial assets (Zhongbei Zhiyuan)	300,000,000.00	Internal funds	-	-	4,878,647.93
Other non-current financial assets (Luode Huizhi)	500,000,000.00	Internal funds	-	-	9,279,964.95
Fuanda Asset Management Scheme	2,000,000,000.00	Internal funds	-	-	657,734,989.05
Other equity instruments (Bank of Jiangsu)	2,408,801,804.71	Internal funds	-	137,618,000.00	714,220,000.00
Other equity instruments (Jiangsu Leasing Company)	270,898,456.89	Internal funds	-	70,200,000.00	-36,270,000.00
New shares subscription	-	Internal funds	19,626.60	459,635.65	-

During the Reporting Period, Ninghu Investment Company, a subsidiary of the Company, continued to hold units in Fuanda Advantageous Growth Fund purchased in 2011, being approximately 10,000,000 units in total with a net value of approximately RMB34,878,000 at the beginning of the Reporting Period. Investment cost amounted to approximately RMB9,999,000. There was an increase in fair value of approximately RMB4,629,000 during the Reporting Period, bringing the cumulative increase in fair value to approximately RMB24,878,000.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(IV) Analysis of investment (Continued)

1. Overall analysis of external investment (Continued)

(3) Financial assets measured at fair value (Continued)

During the Reporting Period, Ninghu Investment Company continued to hold gold bullion investment purchased in 2014 at an investment cost of approximately RMB2,909,000, the net value of which was approximately RMB4,326,000 at the beginning of the Reporting Period. Ninghu Investment Company sold approximately RMB2,909,000 of the gold bullion and realized an investment income of approximately RMB1,196,000 during the Reporting Period. The fair value of the investment decreased by approximately RMB1,417,000 during the Reporting Period, and the net value of the investment was nil as at the end of the Reporting Period.

During the Reporting Period, Ninghu Investment Company continued to hold units in CDB Kai Yuan Phase II Fund subscribed for in 2016 at an investment cost of RMB984,555,000, the net value of which was approximately RMB1,223,030,000 at the beginning of the Reporting Period. During the Reporting Period, Ninghu Investment Company increased its investment by RMB47,009,000 and recorded an investment income of RMB48,704,000. At the end of the Reporting Period, the net value of the investment was approximately RMB1,566,677,000. The fair value of the investment increased by approximately RMB296,637,000 during the Reporting Period bringing the cumulative increase in fair value to approximately RMB535,112,000.

During the Reporting Period, Ninghu Investment Company held units in Luode Dening subscribed for in 2016, the net value of which was approximately RMB32,000 at the beginning of the Reporting Period. The investment cost had been fully recovered, and there was no change in fair value of the investment during the Reporting Period. Ninghu Investment Company also held units in Zhongbei Zhiyuan subscribed for in 2019 at an investment cost of RMB300,000,000. The net value of the investment increased from approximately RMB317,317,000 at the beginning of the Reporting Period to approximately RMB322,196,000 at the end of the Reporting Period, which was due to an increase of approximately RMB4,879,000 in fair value during the Reporting Period, with cumulative increase in fair value amounting to approximately RMB22,196,000. In addition, Ninghu Investment Company held units in Luode Huizhi subscribed for in 2020 at an investment cost of RMB500,000,000. The net value of the investment increased from approximately RMB498,812,000 at the beginning of the Reporting Period to approximately RMB508,092,000 at the end of the Reporting Period, which was due to an increase of approximately RMB9,280,000 in fair value during the Reporting Period, with cumulative increase in fair value amounting to approximately RMB8,092,000.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(V) Material disposal of assets and equity interests

Applicable Not Applicable

(VI) Analysis of major subsidiaries and investee companies

Applicable Not Applicable

1. Operations of major subsidiaries

Unit: Yuan Currency: RMB

Name of company	Principal business	Investment cost	Equity interest attributable to the Company %	Total assets	Net assets	Net profit	Percentage of the Company's Net profit %	Year-on-year increase/decrease in net profit %
Guangjing Xicheng Company	Expressway construction, management, maintenance and toll collection	2,125,000,000	85	14,606,068,681.81	7,602,526,340.16	391,480,645.62	14.49	494.17
Zhendan Company	Expressway construction, management, maintenance and toll collection	423,910,000	70	1,751,844,928.50	475,632,123.40	-14,936,456.99	-	-63.31
Wufengshan Toll Bridge Company	Expressway construction, management, maintenance and toll collection	3,112,980,000	64.5	12,736,948,185.86	4,827,927,262.19	-1,090,648.08	-	-
Ninghu Investment Company	Investments in various types of infrastructure, industries and assets	1,878,434,377.98	100	3,344,300,246.93	2,766,311,591.51	295,153,924.69	10.93	433.29
Ninghu Properties Company	Real estate development, operation and consultancy	500,000,000	100	2,577,810,600.88	1,254,650,697.95	58,911,556.89	2.18	7.86
Hanwei Company	Real estate development and operation	374,499,800	100	1,950,916,424.66	184,079,920.34	-6,613,083.13	-	-69.81
Yangtze River Management Company	Expressway construction, management and maintenance	50,000,000	100	53,619,400.07	50,423,505.20	155,464.80	0.01	24.81
Longtan Bridge Company	Expressway construction, management, maintenance and toll collection	890,090,000	53.6	1,722,967,568.72	1,696,989,963.16	234,153.81	0.01	-
Ninghu International Company	Overseas infrastructure investment	732,310.87	100	73,590.58	73,590.58	-658,720.29	-	-
Yangtze Commerce and Energy Company	Operation and management of expressway service areas and other ancillary facilities	100,000,000.00	100	100,573,678.82	100,308,825.63	308,825.63	0.01	-

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(VI) Analysis of major subsidiaries and investee companies (Continued)

1. Operations of major subsidiaries (Continued)

- * During the Reporting Period, Guangjing Xicheng Company and Zhendan Company, subsidiaries of the Group in road and bridge sector, recorded significant year-on-year growth in operating results as a strong rebound in their toll road business led to a substantial increase in toll revenue.
- * During the Reporting Period, Ninghu Investment Company recorded a year-on-year increase of approximately 433.29% in net profit, which was due to the significant increase in fair value of its other non-current financial assets.
- * Hanwei Company recorded a loss for the Reporting Period, which was mainly attributable to selling expenses. For the operational performance and changes in the operating results of Ninghu Properties Company and Hanwei Company, please refer to the paragraph headed “Real estate business” in this report.
- * Ninghu International Company recorded a loss for the Reporting Period, which was attributable to agency fees incurred in connection with the acquisition of the project in Turkey.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(VI) Analysis of major subsidiaries and investee companies (Continued)

2. Operations of key associates

During the Reporting Period, benefiting from a strong recovery in toll road and bridge operations, the associates of the Group recorded significant year-on-year increase in operating results, and contributed an investment income of approximately RMB444,134,000 to the Group. Operating results of certain key associates are set out below:

Unit: Yuan Currency: RMB

Name of Company	Principal business	Investment cost	Equity interest attributable to the Company %	Net profit attributable to the shareholders of the associates	Contribution to investment income	Percentage of the Company's net profit %	Year-on-year increase/decrease %
Suzhou Expressway Company	Mainly responsible for the management and operation of Sujiahang Expressway and Changjia Expressway	957,700,163.00	30.01	314,469,520.86	94,372,303.21	3.49	876.30
Yangtze Bridge Company	Mainly responsible for the management and operation of Jiangyin Bridge	631,159,243.00	26.66	696,184,803.94	185,602,868.73	6.87	-
Yanjiang Company	Mainly responsible for the management and operation of Yanjiang Expressway	1,466,200,000.00	25.15	446,429,901.41	123,214,652.79	4.56	-

(VII) Structured entities controlled by the Company

Applicable Not Applicable

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

5. OTHER DISCLOSURES

(I) Possible risks

Applicable Not Applicable

Taking into consideration the macro environment and current business status, the Group is mainly exposed to the following risks:

1. Risks associated with industry policy

Risk analysis: The Group is primarily engaged in the investment, construction, operation and management of toll roads and bridges, and toll revenue are the major source of revenue for the Group. Any adjustment or change in industry policy, national macro-control policy or tax policy will have direct or indirect impact on the Group's operating revenue, and thus the Group is exposed to operational risks arising from industry policy.

Counter-measures: The Group will pay close attention to the developments of relevant policies, and get a clear understanding of such policies. It will establish a dynamic tracking and assessment mechanism and enhance the contact and communication with the relevant government authorities, especially transportation, financial, taxation and pricing departments so that it can adjust its business decisions accordingly in a timely manner and develop new profit growth points to reduce downward pressure on toll revenue. Meanwhile, the Group will diversify its business operations by commencing various activities relating to its principal business so as to reduce the risks arising from relatively simple business portfolio.

2. Risks associated with competition pattern

Risk analysis: As the expressway network is improved gradually, companies operating in the industry face increasingly fierce competition. The opening of roads and bridges that may serve as alternatives to those of the Group may reduce the market share and revenue growth of the Group; and the on-going expansion of railway network in Jiangsu Province will squeeze the existing market share of the Group and affect the future development of the principal business of the Group.

Counter-measures: The Group will establish high quality traffic condition and road appearance to create comfortable travelling environment and establish sound brand image; construct a coordinated platform for road network operation to improve road information sharing and control capacity and the service quality; promote the construction of "smart expressway" to explore the 5G scenario application and increase the dependence of the drivers and passengers on the roads of the Group. Meanwhile, the Group will pay close attention to regional planning of road networks and formulate strategies accordingly in a timely manner and enhance its resilience.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

5. OTHER DISCLOSURES (CONTINUED)

(I) Possible risks (Continued)

3. Risks associated with project investment

Risk analysis: The Group's road and bridge projects newly constructed or under construction and overseas exploratory projects are affected by local economic, political and other related factors, and hence there is a risk that future returns may fall short of expectations. In addition, investments in financial and quasi-financial products may involve risks of loss and gain due to market fluctuations or systematic risks.

Counter-measures: The Group will improve the mechanism for recruitment and cultivation of professional talents and boost its project research capacity to enhance the forward-looking judgment and increase the chances of successful investment. Besides, the Group will strengthen its internal control measures on external investment and establish scientific investment decision-making procedures to reduce investment risks.

4. Risks associated with lower-than-expected rate of destocking of properties

Risk analysis: Due to its long industry chain and cycle, the real estate sector is more susceptible to the changes in market environment and policies. Economic operation environment, changes in fiscal and monetary policies and the policies for taming the property market may affect the sales cycle and sales performance of the Group's real estate business, leading to an extension of the real estate sales cycle and affecting the progress of destocking.

Counter-measures: It will establish a risk management system and normalized risk appraisal mechanism, stay up-to-date with policies concerning the industry and the developments of the macro-economy and the industry and integrate risk management into real estate projects. Besides, it will reinforce specialized management of projects, build up its capability to gain insights into government policy and market development trends, adopt effective prevention measures and step up efforts to accelerate destocking so as to minimize risks.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

5. OTHER DISCLOSURES (CONTINUED)

(II) Other disclosures

Applicable Not Applicable

1. Change of accounting firm

As considered and approved at the 2020 annual general meeting of the Company, KPMG was appointed as the Company's auditors of financial report and internal control for the year 2021.

2. Issuance of corporate bonds

On 2 February 2021, the Company issued corporate bonds of RMB1 billion, with a term of 3 plus 2 years, and a coupon rate of 3.70%.

3. Issuance of medium-term notes

On 1 December 2020, the Company obtained a registered amount of RMB2 billion for mid-term notes from National Association of Financial Market Institutional Investors ("NAFMII"), with a registration valid for two year. On 17 June 2021, the Group completed the issue of mid-term notes of RMB1 billion with a term of 3 years and a coupon rate of 3.45%.

4. Investment plan and financing arrangement

In the second half of 2021, the main capital expenditures of the Group are expected to be as follows:

Capital Expenditures	Amount (RMB)
Wufengshan Toll Bridge and North-South Approach Expressways	378,000,000.00
Yichang Expressway	350,000,000.00
Changyi Expressway	50,000,000.00
Zhendan Expressway	11,101,800.00
Longtan Bridge	635,688,119.28
ICA Project in Turkey	999,267,689.13
CDB Kai Yuan Phase II Fund	52,990,292.54
Capital increase of Zijin Trust Co. Ltd. (紫金信託有限責任公司)	2,000,000,000.00
Others	599,201,859.91
Total	<u>5,076,249,760.86</u>

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

5. OTHER DISCLOSURES (CONTINUED)

(II) Other disclosures (Continued)

4. Investment plan and financing arrangement (Continued)

On the basis of fully leveraging its own capital, the Group will timely adjust its financing strategy based on the financing condition of the capital market so as to satisfy its own funding needs for operation and development, while further optimizing its debt structure and reducing capital risks. As at the end of the Reporting Period, the Group's ultra-short-term notes registered with NAFMII but not yet issued with a time limit over one year were approximately RMB4,270 million; medium-term notes registered with NAFMII but not yet issued with a time limit over one year were approximately RMB1 billion; corporate bonds registered with the CSRC but not yet issued with a time limit over one year were RMB7 billion; and the available unutilized bank facilities with a time limit over one year were approximately RMB34 billion. Given the above, the Group believes that its financing facilities will be sufficient for funding its capital expenditures, debt roll-over and business development. Meanwhile, the Group is actively exploring other financing channels such as convertible bonds and overseas bonds. Selecting suitable financing methods for the Group will not only provide the Group with sufficient and efficient funds for its present development, but also make prior arrangements for its future development strategies. If other capital expenditure is required under special circumstances, the Group will adjust its financing plan based on the size of expenditure and the actual cash flow condition.

SECTION IV CORPORATE GOVERNANCE

I. OVERVIEW OF GENERAL MEETINGS

Session of the meeting	Convening date	Inquiry index of the designated website for publishing the resolutions	Disclosure date of publishing the resolutions	Resolutions of the meeting
2020 Annual General Meeting	17 June 2021	www.sse.com.cn www.hkexnews.hk www.jsexpressway.com	18 June 2021	For details, please refer to the announcement of the Company published on the website of the Shanghai Stock Exchange at www.sse.com.cn on 18 June 2021 and on the website of the Stock Exchange at www.hkexnews.hk on 17 June 2021.

Holders of preference shares with restored voting rights requesting to convene an extraordinary general meeting

Applicable Not Applicable

Overview of the general meeting

Applicable Not Applicable

II. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Applicable Not Applicable

Name	Position held	Reasons for the change
Chen Yongbing	Director	Resigned
Zhang Zhuting	Director	Resigned
Chen Liang	Director	Resigned
Wang Yingjian	Director	Elected
Yu Mingyuan	Director	Elected
Xu Guanghua	Director	Elected
Li Xiaoyan	Director	Elected
Yu Lanying	Supervisor	Resigned
Yang Shiwei	Supervisor	Elected
Yang Dongsong	Senior management member	Appointed

SECTION IV CORPORATE GOVERNANCE

II. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY (CONTINUED)

Explanations on changes in Directors, Supervisors and senior management of the Company

Applicable Not Applicable

Due to work reassignment, Mr. Chen Yongbing and Ms. Yu Lanying resigned as Director and Supervisor of the Company, respectively, on 11 May 2021. At the 2020 annual general meeting of the Company held on 17 June 2021, Directors of the new (tenth) session of the Board and Supervisors of the new (tenth) session of the Supervisory Committee were elected.

III. PROFIT DISTRIBUTION PLAN OR PLAN FOR CONVERSION OF CAPITAL RESERVES INTO SHARE CAPITAL

Proposed half-yearly profit distribution plan or plan for conversion of capital reserves into share capital

Whether to distribute or convert	No
Number of bonus shares per share (<i>shares</i>)	0
Amount of cash dividends per share (<i>Yuan</i>) (<i>tax inclusive</i>)	0
Number of shares converted per share (<i>shares</i>)	0

Information on the profit distribution plan or plan for conversion of capital reserves into share capital

None

IV. EQUITY INCENTIVE SCHEME, EMPLOYEE SHARE OWNERSHIP SCHEME OR OTHER EMPLOYEE INCENTIVE MEASURES OF THE COMPANY AND THE IMPACT THEREOF

(I) Equity incentives disclosed in announcements with no further progress or changes after implementation

Applicable Not Applicable

SECTION IV CORPORATE GOVERNANCE

IV. EQUITY INCENTIVE SCHEME, EMPLOYEE SHARE OWNERSHIP SCHEME OR OTHER EMPLOYEE INCENTIVE MEASURES OF THE COMPANY AND THE IMPACT THEREOF (CONTINUED)

(II) Incentives which have not been disclosed in announcements or have seen further progress

Equity Incentive Scheme

Applicable Not Applicable

Other information

Applicable Not Applicable

Employee Share Ownership Scheme

Applicable Not Applicable

Other Incentive Measures

Applicable Not Applicable

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

I. ENVIRONMENTAL INFORMATION

(I) Statements on environmental protection of companies and their main subsidiaries that are key pollutant discharge units announced by the environmental protection departments

Applicable Not Applicable

(II) Statements on environmental protection of companies that are not key pollutant discharge units

Applicable Not Applicable

1. Administrative penalties due to environmental issues

Applicable Not Applicable

2. Disclosure of other environmental information in accordance with key pollutant discharge units

Applicable Not Applicable

(1) Pollution discharge

The entities comprising the Group are not key pollutant-discharging units. The main pollution sources and pollutants of each entity's main business are exhaust gas, wastewater, solid waste and noise. According to the national environmental protection laws and relevant regulations on energy conservation and emission reduction, each entity has strictly complied with national and local laws and regulations, as well as project environmental assessment and management system during its operation. The pollutants generated during operation have been treated strictly in accordance with relevant environmental laws and regulations. Among them, exhaust gas mainly included particulate matter, sulfur oxides, and nitrogen oxides; wastewater mainly contained chemical oxygen demand (COD); solid wastes were mainly domestic garbage and office waste; and noise generated by traffic on expressways of the Group complied with relevant regulations.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

I. ENVIRONMENTAL INFORMATION (CONTINUED)

(II) Statements on environmental protection of companies that are not key pollutant discharge units (Continued)

2. Disclosure of other environmental information in accordance with key pollutant discharge units (Continued)

(2) Construction and operation of facilities for pollution prevention and control

In accordance with the requirements of relevant laws and regulations, each entity of the Group has constructed multiple pollution prevention and control facilities for exhaust gas, wastewater and solid waste.

For wastewater: sewage discharged was ensured to meet the compliance requirements of the environmental governance system by connecting with the municipal pipeline network or self-built sewage treatment equipment (adopting physical method first to filter, precipitate, and adsorb large-particle suspended matters, and then the biological method to oxidize and decompose the organic matters, and further degrading the microorganisms, so as to ensure the water quality reach the discharge standards and pipe it to the sewage treatment plant). The Group organized relevant entities to maintain the equipment regularly, built expressway runoff facilities (setting rainwater drainage holes and drainage pipes on bridge decks), and reduced the impact on the ecology along the expressways.

For solid waste: Garbage classification facilities were equipped according to local regulations on garbage classification. According to their categories, office waste and domestic garbage were delivered to corresponding qualified third parties to process. The waste generated by engineering construction was recycled, disposed, and delivered to designated storage locations as littering or dumping is prohibited. The waste was 100% recycled in a reasonable way, whose production and reuse process strictly adhered to national environmental protection regulations.

For exhaust gas: Each entity was equipped with fume purifiers for exhaust gas pollution and emission in canteens, and used the low-noise double-suction centrifugal fan for fume extraction and adsorption to reduce the emission concentration of flue gas. Some entities used electricity instead of bio-alcohol oil and advocated all-electric kitchens to achieve precise control of oil temperature and reduce fume pollution in kitchens.

For noise pollution: Each entity adopted multiple measures to reduce noise pollution, such as setting up sound barriers along the expressways at acoustic-sensitive points and increasing the density of green plants.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

I. ENVIRONMENTAL INFORMATION (CONTINUED)

(II) Statements on environmental protection of companies that are not key pollutant discharge units (Continued)

2. Disclosure of other environmental information in accordance with key pollutant discharge units (Continued)

(3) Environmental emergency plans

According to the actual needs, each entity of the Group has formulated specified environmental emergency plans for road accidents involving vehicles carrying hazardous chemicals, gas accidents, fire accidents and other environmental incidents, and an overall emergency plan. The entities also held regular emergency response drills in respect of accidents involving freight vehicles carrying hazardous chemicals and fire accidents, and evaluated and improved the emergency response system accordingly.

(4) Environmental self-monitoring plan

The Group regularly organized the environmental protection office to monitor the quality of sewage discharged by each entity, assessed whether the wastewater discharged by them met the urban sewage discharge indicators and promptly rectified those failed to meet.

3. Reasons for non-disclosure of other environmental information

Applicable Not Applicable

(III) Follow-up progress or changes of disclosure of environmental information during the Reporting Period

Applicable Not Applicable

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

I. ENVIRONMENTAL INFORMATION (CONTINUED)

(IV) Information on benefits for ecological protection, pollution prevention and control, and environmental responsibility implementation

Applicable Not Applicable

During the Reporting Period, the Group complied with national and local laws and regulations, such as Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on Atmospheric Pollution Prevention and Control, Law of the People's Republic of China on Water Pollution Prevention and Control, Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste, Law of the People's Republic of China on Soil Pollution Prevention and Control, and Measures of Jiangsu Province on Administration of Catering Kitchen Waste. It also established an environmental governance system in accordance with ISO 14001, formulated environmental governance policies such as Management Measures for Identification, Evaluation and Control of Environmental Factors, Principles of Environmental Impact Control of Relevant Parties, and Regulations of Solid Waste Control and Disposal, and adopted practical measures to manage and control exhaust gas, sewage, solid waste, noise and other pollutants, so as to minimize pollutant discharge and maintain the environmental and ecological balance of areas around the expressways.

The Group protected the ecological environment of areas along its expressways. The Group carried out environmental improvement campaigns according to the standards of "five clear-ups and three transformations (五清三化)", cleaning up waste, increasing afforestation and improving environmental quality in the long run. An environment of resource conservation, ecology protection, and landscaping beauty was developed around the expressway entrances and exits and helped protect the ecology along the expressways.

The Group improved its employees' awareness of environmental protection. It attached great importance to increasing the awareness of ecological and green development among employees, and organized its grassroots offices to carry out tree-planting activities to fulfill its environmental responsibility. Further actions were carried out to promote resource conservation in canteens and to curb "wasting on the tip of the tongue". Moreover, it encouraged the employees to choose environmentally-friendly and recyclable products in their daily consumption, implemented green office practices and advocated green travel, thereby helping them develop a low-carbon and environmentally-friendly working pattern and lifestyle.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

I. ENVIRONMENTAL INFORMATION (CONTINUED)

(V) Measures adopted to reduce carbon emission during the Reporting Period and the effects thereof

Applicable Not Applicable

The Group played an active role in implementing the principles of green, low-carbon and environmentally-friendly development and proactively introduced green, low-carbon technology for road maintenance. In engineering projects of centralized maintenance, non-stick emulsified asphalt was widely used, and high-power dust suction trucks were used. This, coupled with the in-situ thermal regeneration technology, has reduced effectively 3.6 tons of carbon emissions.

II. EFFORTS MADE TO CONSOLIDATE AND EXPAND THE ACHIEVEMENTS IN POVERTY ALLEVIATION AND TO PROMOTE RURAL REVITALIZATION

Applicable Not Applicable

(I) Poverty alleviation

1. The Group applied a new model of “service areas + poverty alleviation” to promote specialty products of poverty-stricken areas to consumers nationwide through its transportation network, which increased the popularity of local agricultural specialty products and expanded their marketing and sales channels. During the Reporting Period, the shops of agricultural products and counters for poverty alleviation opened at several service areas including Fangmaoshan and Guangling services areas, and the counters for poverty alleviation at Huanglishu, Xianrenshan, Douzhuang, Meicun, Yangcheng Lake service areas and a newly established counter for poverty alleviation for Dazhao Shengquan, Lhasa, Tibet (西藏拉薩市大昭聖泉) achieved good social response.
2. During the Reporting Period, the Group donated RMB400,000 to help develop the rural areas in Guannan County, contributing to the rural economic development in the Jiangsu Province.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

II. EFFORTS MADE TO CONSOLIDATE AND EXPAND THE ACHIEVEMENTS IN POVERTY ALLEVIATION AND TO PROMOTE RURAL REVITALIZATION (CONTINUED)

(II) Rural revitalization

Actively responding to the national call for the new journey of achieving agricultural and rural modernization, the Group moved forward with the action, “enterprises and villages going hand-in-hand to achieve mutual rejuvenation”, signed a joint development agreement with Shuangxi Village, Dazhou Town, Xinghua City (the “Village”), and adopted multiple measures to deepen the joint efforts to develop the Village.

1. Building a road leading to the Village. The Group took full advantage of its own professionalism and resources in road and bridge operations and built a main road leading to the Village, completing the “last mile” for villagers to their homes.
2. Enriching cultural life in the Village. The Group financed the construction of a cultural performance stage for the villagers and organized square dancing contests and other activities, thereby enriching cultural life in the Village and enhancing the villagers’ happiness.
3. Expanding sales channels of agricultural specialty products. The Group took advantage of customer streams in service areas of its expressways to expand sales channels and set up sales counters of agricultural specialty products at Guangling and other service areas. In addition, it organized rice sourcing and other group buying activities for staff canteens, actively expanding the sales channels of agricultural specialty products of the Village and thereby contributing to the development and prosperity of the rural economy.

SECTION VI SIGNIFICANT MATTERS

I. PERFORMANCE OF UNDERTAKINGS

(I) **Undertakings made by the Company's de facto controller, shareholders, related parties, acquirers and the Company during the Reporting Period or subsisting to the Reporting Period**

Applicable Not Applicable

II. APPROPRIATION OF NON-OPERATING FUNDS BY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES DURING THE REPORTING PERIOD

Applicable Not Applicable

III. GUARANTEES IN VIOLATION OF REGULATIONS

Applicable Not Applicable

IV. AUDIT OF THE INTERIM REPORT

Applicable Not Applicable

V. CHANGES IN MATTERS INVOLVED IN NON-STANDARD AUDIT OPINIONS IN THE ANNUAL REPORT OF THE PREVIOUS YEAR AND CORRESPONDING TREATMENT

Applicable Not Applicable

VI. MATTERS CONCERNING BANKRUPTCY AND RESTRUCTURING

Applicable Not Applicable

VII. MATERIAL LITIGATION AND ARBITRATION

The Company was involved in material litigation and arbitration during the Reporting Period

The Company was not involved in any material litigation or arbitration during the Reporting Period

VIII. PUNISHMENTS AND RECTIFICATIONS INVOLVED BY THE LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER DUE TO NON-COMPLIANCE OF LAWS OR REGULATIONS

Applicable Not Applicable

SECTION VI SIGNIFICANT MATTERS

IX. EXPLANATION FOR INTEGRITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER DURING THE REPORTING PERIOD

Applicable Not Applicable

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS

(I) Related party/connected transaction relating to day-to-day operations

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation

Applicable Not Applicable

Description of Event	Enquiry Index
<p>On 26 October 2018, each of Ninghu Investment Company, Guangjing Xicheng Company and Ningchang Zhenli Company, being subsidiaries of the Company, entered into the Cooperation Agreement on Operation of Existing Advertising Facilities and Development and Operation of New Advertising Resources Along the Roads and Bridges with Media Company (being an associate of the controlling shareholder of the Company), for a term commencing from 1 January 2019 and ending on 31 December 2021. The contractual amount for 2021 would not exceed RMB60 million, RMB14 million and RMB6 million, respectively.</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn on 27 October 2018 and on the website of the Stock Exchange at www.hkexnews.hk on 26 October 2018, respectively.</p>
<p>On 22 March 2019, the Company, Guangjing Xicheng Company, Ningchang Zhenli Company and Zhendan Company respectively entered into the Technical Service Contract on Coordination, Command and Dispatch of the Cloud Platform with Tongxingbao Company (being an associate of the controlling shareholder of the Company) with a term from 22 March 2019 to 31 December 2021. It is estimated that the annual cloud platform usage fee would not exceed RMB2 million, RMB0.90 million, RMB0.70 million and RMB0.21 million, respectively.</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 25 March 2019.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party/connected transaction relating to day-to-day operations (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 22 March 2019, Ningchang Zhenli Company entered into the Service Area Petrol Station Leasing Contract with Expressway Petroleum Company (being an associate of the controlling shareholder of the Company) with a term commencing on 1 April 2019 and ending on 31 December 2021. The total contractual amount for 2021 would not exceed RMB6.79 million. On 26 March 2021, due to the lifted pricing standard of rental fee and increase in petroleum sales volume, the Company(Note) entered into supplementary agreement on the petrol stations leasing in service areas with Expressway Petroleum Company. The term of the agreement shall be valid till 31 December 2021 and the contractual amount shall not exceed RMB18.21 million. The amount of the agreement in 2021 will be adjusted to not more than RMB25 million.</p> <p><i>Note:</i> On 23 April 2020, the second extraordinary general meeting of the Company resolved that Ningchang Zhenli Company be consolidated into the Company by way of absorption and merger. The permission for the deregistration of Ningchang Zhenli Company was received by the Company as at the end of July 2021.</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 25 March 2019. For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>
<p>On 23 August 2019, Zhendan Company and Media Company (being an associate of controlling shareholder of the Company) entered into the Management Cooperation Agreement on entrusting the overall advertising business within the range of Zhendan Expressway to Media Company for management. The term of the agreement shall commence on 1 January 2020 and end on 31 December 2022. The contractual amount in 2021 shall not exceed RMB0.20 million</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn on 26 August 2019 and on the website of the Stock Exchange at www.hkexnews.hk on 23 August 2019, respectively.</p>
<p>On 30 October 2020, Yangtze River Management Company, a wholly-owned subsidiary of the Company, entered into the Management Entrustment Agreement with Xitai Company (being an associate of the controlling shareholder of the Company). The management entrustment will be for a term of 36 months in total commencing on 1 January 2021 and expiring on 31 December 2023; the cap for the costs of the management entrustment will be RMB1.26 million (not exceeding RMB0.41 million in 2021).</p>	<p>For details, please refer to the announcements of the resolutions of the Board published by the Company on the website of the SSE at www.sse.com.cn on 31 October 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 30 October 2020, respectively.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party/connected transaction relating to day-to-day operations (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 30 October 2020, the Company was entrusted to manage the operation of the north section of Phase I project of Changyi Expressway and entered into an operation management entrustment agreement with Changyi Company (a subsidiary of a connected subsidiary of the Company), for a term commencing on the date of the opening of the northern section of phase I project of Changyi Expressway and expiring on 31 December 2021. The fees for the entrustment to manage the operation are expected not to exceed RMB9 million in total and RMB8.165 million in 2021.</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn on 31 October 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 30 October 2020 and 1 November 2020, respectively.</p>
<p>On 30 October 2020, the Company and Huatong Engineering Company (being an associate of the controlling shareholder of the Company) entered into the Construction Contract in Relation to the Project of Improvement of Overturning Resistance of Single-Column-Pier Bridge (Ningchang Zhenli Section). The term of the contract is from 30 October 2020 to 31 March 2021. The contractual amount is expected not to exceed RMB6 million for the transaction and not to exceed RMB3.60 million from 1 January 2021 to 31 March 2021.</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn on 31 October 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 30 October 2020 and 1 November 2020, respectively.</p>
<p>On 27 November 2020, the Company and Wufengshan Toll Bridge Company (a connected subsidiary of the Company) entered into the Agreement Regarding the Lease and Operation of the Gas Station in Wufengshan Toll Bridge Service Area, pursuant to which Wufengshan Toll Bridge Company will lease its gas stations in the Wufengshan Toll Bridge Service Area to the Company for operation and management for a term of 3 years commencing from the official business commencement date of the gas stations in Wufengshan Toll Bridge Service Area. The total amount of the lease for 3 years will be no more than RMB16 million, among which, it will be no more than RMB2.25 million from the official business commencement date in the mid-2021 to 31 December 2021.</p>	<p>For details, please refer to the announcements of the resolutions of the Board published by the Company on the website of the SSE at www.sse.com.cn on 28 November 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 30 October 2020 and 27 November 2020, respectively.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party/connected transaction relating to day-to-day operations (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 24 December 2020, Guangjing Xicheng Company, a non-wholly owned subsidiary of the Company, entered into a supplemental agreement regarding SD-WAN technical charge backup network services with Tongxingbao Company (being an associate of controlling shareholder of the Company) with the term of the agreement remaining unchanged, to adjust the accumulative total amount and the amount for each year for the agreement from the original caps of not exceeding RMB3.90 million and not exceeding RMB1.30 million, respectively, to not exceeding RMB4.71 million and not exceeding RMB1.57 million, respectively, from 1 April 2020 to 31 December 2022.</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn on 25 December 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 24 December 2020, respectively.</p>
<p>On 24 December 2020, Yichang Company, a non-wholly owned subsidiary of the Company, entered into the SD-WAN Technical Charge Backup Network Services Agreement with Tongxingbao Company (being an associate of the controlling shareholder of the Company), for a term commencing from 1 January 2021 and ending on 31 December 2022, with an agreement amount not exceeding RMB0.135 million for each year.</p>	<p>For details, please refer to the announcements of the resolutions of the Board published by the Company on the website of the SSE at www.sse.com.cn on 25 December 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 24 December 2020, respectively.</p>
<p>On 31 March 2020, the Company and Guangjing Xicheng Company respectively entered into Contract involving the Maintenance Service for Three Systems, Procurement of Spare Parts and Upgrading of Other Three Relevant Systems and Contract on Maintenance of Monitoring and Communication Systems and Procurement of Spare Parts with Information Company (being an associate of controlling shareholder of the Company) for a term from 1 April 2020 to 31 March 2021. From 1 January 2021 to 31 March 2021, the contractual amounts would not exceed RMB10.50 million and RMB1.50 million, respectively.</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party/connected transaction relating to day-to-day operations (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 31 March 2020, the Company, Guangjing Xicheng Company and Zhendan Company entered into the Expressway Network Management Services Agreement with Network Operation Company (being an associate of controlling shareholder of the Company), respectively, with the term of three years from 1 January 2020 to 31 December 2022. The contractual amounts in 2021 would not exceed RMB32 million, RMB7 million and RMB0.80 million, respectively.</p>	<p>For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020.</p>
<p>On 31 March 2020, the Company, Guangjing Xicheng Company and Zhendan Company entered into the Expressway Network Technical Services Framework Agreement with Tongxingbao Company (being an associate of controlling shareholder of the Company), respectively, with the term of three years from 1 January 2020 to 31 December 2022. The contractual amount in 2021 would not exceed RMB25 million, RMB5 million and RMB0.50 million, respectively.</p>	<p>For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020.</p>
<p>On 31 March 2020, the Company, Guangjing Xicheng Company and Zhendan Company entered into the SD-WAN Toll Standby Network Services Contract with Tongxingbao Company (being an associate of controlling shareholder of the Company), respectively, with a term from 1 April 2020 to 31 December 2022. The contractual amounts are expected not to exceed RMB3.50 million, RMB1.30 million and RMB0.30 million, respectively.</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020.</p>
<p>On 31 March 2020, the Company, Guangjing Xicheng Company, Zhendan Company, Yangtze River Management Company, being non-wholly owned subsidiaries of the Company, entered into contracts involving panoramic HD camera installation, SD-WAN network construction in service areas, gantry snapshot and cloudification, video surveillance platform upgrade and reconstruction, use of cloud dispatch platform, cloud services for cloud check-in system, etc., respectively, with Micro Video Company (being an associate of controlling shareholder of the Company). The term of the said four contracts between each of the Company, Guangjing Xicheng Company, Zhendan Company, Yangtze River Management Company with Micro Video Company was from 1 April 2020 to 31 March 2021, and the contractual amounts did not exceed RMB2 million, RMB0.40 million, RMB0.40 million and RMB0.10 million from 1 January 2021 to 31 March 2021, respectively.</p>	<p>For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party/connected transaction relating to day-to-day operations (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 31 March 2020, the Company and Guangjing Xicheng Company (a non-wholly owned subsidiary of the Company) entered into the Expressway Maintenance Services Contracts with Xiandai R&B Company (being an associate of controlling shareholder of the Company), respectively. The term of relevant contracts is from 1 April 2020 to 31 March 2021. The total contractual amount of this project from 1 January 2021 to 31 March 2021 did not exceed RMB35 million and RMB30 million, respectively.</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020.</p>
<p>On 31 March 2020, the Company and Guangjing Xicheng Company (a non-wholly owned subsidiary of the Company) respectively entered into the ETC Customer Service Outlets Management Agreement with Tongxingbao Company (being an associate of controlling shareholder of the Company) for a term from 1 April 2020 to 31 March 2021. The maximum amount of the two contracts from 1 January 2021 to 31 March 2021 did not exceed RMB0.20 million and RMB0.05 million, respectively.</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020.</p>
<p>On 31 March 2020, Yangtze River Management Company, a wholly owned subsidiary of the Company, entered into the Entrusted Operation Management Agreement with Yangtze Bridge Company (being an associate of controlling shareholder of the Company) and its non-wholly owned subsidiary Hutong Bridge Company, and Guangjing Xicheng Company (a connected subsidiary of the Company) and its non-wholly owned subsidiaries Changyi Company and Yichang Company, respectively, from 1 April 2020 to 31 March 2021, the entrustment management fee shall be capped at RMB45 million, and the entrustment management fees under the agreement did not exceed RMB2.47 million, RMB0.28 million, RMB2.86 million, RMB0 and RMB0 from 1 January 2021 to 31 March 2021, respectively.</p>	<p>For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party/connected transaction relating to day-to-day operations (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 31 March 2020, the Company entered into the contract for renewal of the property lease with Xiandai R&B Company (being an associate of controlling shareholder of the Company) in respect of an office building. The term of lease was from 1 January 2020 to 31 December 2022 and the annual rent for 2021 was RMB1.69 million.</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020.</p>
<p>On 28 August 2020, the Company, Guangjing Xicheng Company (a non-wholly owned subsidiary of the Company) and Yangtze River Management Company (a wholly-owned subsidiary) entered into the training service agreement with Human Resources Company (being an associate of controlling shareholder of the Company) for a term commencing from 1 September 2020 until 31 December 2022. The contractual amount would be no more than RMB27.75 million in total and RMB9.60 million for 2021.</p>	<p>For details, please refer to the announcements of the resolutions of the Board published by the Company on the website of the SSE at www.sse.com.cn on 29 August 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 28 August 2020, respectively.</p>
<p>On 28 August 2020, the Company entered into the Agreement Regarding the Lease and Operation of the Gas Station in Zhangzhu Service Area of Yichang Company with Yichang Company, a subsidiary of a connected subsidiary of the Company, pursuant to which, Yichang Company will lease its Gas Station in Zhangzhu Service Area to the Company for operation and management, for an operating and lease term of 3 years commencing from the official business commencement date of the gas station in Zhangzhu Service Area. The total amount of the lease will be no more than RMB5.32 million during the lease.</p>	<p>For details, please refer to the announcements of the resolutions of the Board published by the Company on the website of the SSE at www.sse.com.cn on 29 August 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 28 August 2020, respectively.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party/connected transaction relating to day-to-day operations (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 28 August 2020, Wufengshan Toll Bridge Company, a non-wholly owned subsidiary of the Company, and Huatong Engineering Company (being an associate of the controlling shareholder of the Company) entered into the Wufengshan River Crossing Passage (Railway Section) Composite Girder Block Intelligent Monitoring Project Construction Contract with a contract term from 28 August 2020 to 31 December 2022, and the contract value of the project will not exceed RMB2.50 million (not exceeding RMB2.20 million for the year of 2020 and not exceeding RMB0.30 million for the year of 2022).</p>	<p>For details, please refer to the announcements of the resolutions of the Board published by the Company on the website of the SSE at www.sse.com.cn on 29 August 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 28 August 2020, respectively.</p>
<p>On 25 September 2020, Factoring Company, a wholly-owned subsidiary of the Company, entered into a domestic commercial factoring service contract with Jiangsu Eastern Expressway Management Co., Ltd. (being an associate of the controlling shareholder of the Company), for a term commencing from 25 September 2020 to 24 June 2021. The factoring limit involved in the contract is RMB4.67 million.</p>	<p>For details, please refer to the announcements of the resolutions of the Board published by the Company on the website of the SSE at www.sse.com.cn on 26 September 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 25 September 2020, respectively.</p>
<p>On 25 September 2020, Ninghu Investment Company (a wholly-owned subsidiary of the Company) and its wholly-owned subsidiary Factoring Company entered into the office leasing contract with Communications Holding Commercial Operation (being an associate of controlling shareholder of the Company). Communications Holding Commercial Operation, as the lessor, leased part of floors of Building A2 of its Zijin Financial Center to Ninghu Investment Company and Factoring Company as office premises for a lease term of 26 months commencing from October 2020 to December 2022. For Ninghu Investment Company, the total lease rental payable for the lease term shall be not exceeding RMB5,176,400, among which, the lease rental for 2021 would be not exceeding RMB2,298,500. For Factoring Company, the total lease rental payable for the lease term shall be not exceeding RMB2,816,600, among which, the lease rental for 2021 would be not exceeding RMB1,250,700.</p>	<p>For details, please refer to the announcements of the resolutions of the Board published by the Company on the website of the SSE at www.sse.com.cn on 26 September 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 25 September 2020, respectively.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party/connected transaction relating to day-to-day operations (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 26 March 2021, the Company entered into the annual framework agreement with Xiandai R&B Company (being an associate of the controlling shareholder of the Company) in respect to the large and medium repair and maintenance project on road surface, bridge repair and reinforcement, marker adding and other daily repair and maintenance projects on road surface and basic construction of gantry and other projects of the Company and its wholly owned subsidiary for a term commencing from 1 April 2021 to 31 March 2022, with the agreement amount of not exceeding RMB196.56 million and the estimated amount of not more than RMB180.66 million from 1 April 2021 to 31 December 2021.</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>
<p>On 26 March 2021, the Company entered into the framework agreement with Tongxingbao Company (being an associate of the controlling shareholder of the Company) in respect to the SD-WAN phase II service project, ETC service charge and other projects of the Company and its wholly-owned subsidiaries for a term commencing from 1 April 2021 to 31 December 2023, with the agreement amount not more than RMB8.67 million (not more than RMB5.02 million from 1 April 2021 to 31 December 2021); Wufengshan Toll Bridge Company, a non-wholly owned subsidiary of the Company, proposed to enter into the ordinary related party transaction framework agreement with Tongxingbao Company in respect to Cloud dispatch and SD-WAN service and other projects for a term commencing from 1 April 2021 to 31 December 2023 with the agreement amount not more than RMB9.80 million (not more than RMB3.70 million from 1 April 2021 to 31 December 2021); Guangjing Xicheng Company and its non-wholly owned subsidiaries, Changyi Company and Yichang Company, entered into the relevant framework agreements with Tongxingbao Company, respectively, with respect to the expressway network technical services and other projects for a term commencing from 1 January 2021 to 31 December 2022 with the agreement amount not more than RMB9.40 million. The estimated amount incurred in 2021 shall not exceed RMB4.20 million (the amount payable by Guangjing Xicheng Company not more than RMB0.20 million, the amount payable by Changyi Company not more than RMB2 million, and the amount payable by Yichang Company not more than RMB2 million).</p>	<p>For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party/connected transaction relating to day-to-day operations (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 26 March 2021, the Company entered into an annual framework agreement with Cuipingshan Hotel (being an associate of the controlling shareholder of the Company) with respect to the welfare procurement and other projects of the Company and its wholly-owned subsidiary for a term commencing from 1 April 2021 to 31 December 2023, with the agreement amount not more than RMB4.48 million (not more than RMB3.33 million from 1 April 2021 to 31 December 2021); Wufengshan Toll Bridge Company, a non-wholly owned subsidiary of the Company, entered into the ordinary related party transaction framework agreement with Cuipingshan Hotel Management Co., Ltd. with respect to the daily office work, employee benefits and other matters for a term commencing from 1 April 2021 to 31 December 2021, with the agreement amount not more than RMB0.18 million; Guangjing Xicheng Company and its non-wholly owned subsidiaries, Changyi Company and Yichang Company, entered into the relevant framework agreements with Cuipingshan Hotel, respectively, with respect to the launch of material procurement and other businesses for a term commencing from 1 January 2021 to 31 December 2023, with the agreement amount not more than RMB4.70 million. The estimated amount incurred in 2021 shall not exceed RMB1.50 million (the amount payable by Guangjing Xicheng Company not more than RMB1 million, the amount payable by Changyi Company not more than RMB0.20 million, and the amount payable by Yichang Company not more than RMB0.30 million).</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>
<p>On 26 March 2021, the Company entered into an annual framework agreement with Media Company (being an associate of the controlling shareholder of the Company) in respect to the cultural display boards and picture album production, advertising publication, activity planning and other promoting projects of the Company and its wholly-owned subsidiary for a term commencing from 1 April 2021 to 31 December 2021. The estimated gross agreement amount payable to Media Company shall not exceed RMB12.97 million.</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party/connected transaction relating to day-to-day operations (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 26 March 2021, the Company entered into the related party transaction framework agreement with Communications Holding Commercial Operation (being an associate of the controlling shareholder of the Company) with respect to the property service, lease and management and other matters of the Company and its wholly-owned subsidiary for a term from 1 April 2021 to 31 December 2023, with the estimated agreement amount not more than RMB2,147,025.83 (not more than RMB991,261 in 2021).</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>
<p>On 26 March 2021, the Company entered into the framework agreement with Information Company (being an associate of the controlling shareholder of the Company) with respect to the construction and maintenance project of electromechanical system, smart service zone development and application management project of the Company and its wholly-owned subsidiary for a term commencing from 1 April 2021 to 31 March 2022, with the agreement amount of not more than RMB46.50 million (not more than RMB36.50 million from 1 April 2021 to 31 December 2021); Guangjing Xicheng Company and its non-wholly owned subsidiaries, Changyi Company and Yichang Company, entered into the relevant framework agreements with Information Company, respectively, with respect to the supervision, maintenance of communication system and purchase of parts and components and other matters for a term commencing from 1 January 2021 to 31 December 2023, with the agreement amount of not more than RMB33 million, of which, the agreement amount in 2021 shall not exceed RMB10 million (the agreement amount payable by Guangjing Xicheng Company not more than RMB8 million, the agreement amount payable by Changyi Company not more than RMB1 million, the agreement amount payable by Yichang Company not more than RMB1 million).</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party/connected transaction relating to day-to-day operations (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 26 March 2021, the Company entered into a framework agreement with Micro Video Company (being an associate of the controlling shareholder of the Company), in respect to the file digitization of maintenance management, services of the Company and its wholly-owned subsidiary for Cloud check-in system and website establishment and other projects for a term commencing from 1 April 2021 to 31 March 2022, with the agreement amount of not more than RMB15.87 million (not more than RMB13.87 million from 1 April 2021 to 31 December 2021).</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>
<p>On 26 March 2021, the Company entered into the annual framework agreement with Jiangsu Communications Holding with respect to the cloud platform technological service project of the Company and its wholly-owned subsidiary for a term commencing from 1 January 2021 to 31 December 2023, with the agreement amount not more than RMB4.93 million (not more than RMB2.73 million in 2021).</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>
<p>On 26 March 2021, the Company entered into the annual framework agreements with Media Company (being an associate of the controlling shareholder of the Company) in respect to the electric charge incurred from the building of billboards on Shanghai-Nanjing Expressway by Media Company for a term of one year, with the agreement amount for the year of 2021 not more than RMB1 million.</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party/connected transaction relating to day-to-day operations (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 26 March 2021, the Company entered into an annual framework agreement with Maintenance Technology Company (being an associate of the controlling shareholder of the Company) in respect to the testing and assessment of road surface, plan design of maintenance project, quality assessment and other comprehensive technological service projects for a term commencing from 1 June 2021 to 31 December 2021. It is estimated that the annual maintenance technology research and services fee payable by the Company to Maintenance Technology Company shall not exceed RMB20 million; Zhendan Company and Wufengshan Toll Bridge Company, the non-wholly owned subsidiaries of the Company, entered into the ordinary related party transaction framework agreements with Maintenance Technology Company, respectively, in respect to the maintenance of road surface and quality inspection on the completed road surface of Wufengshan pathway crossing rivers and other projects for a term commencing from 1 June 2021 to 31 December 2021. It is estimated that the annual maintenance technology research and services fee payable by Zhendan Company and Wufengshan Toll Bridge Company to Maintenance Technology Company shall not exceed RMB1.60 million in total. Of which, the agreement amount payable by Zhendan Company and Wufengshan Toll Bridge Company shall not exceed RMB0.60 million and RMB1 million, respectively; Guangjing Xicheng Company and its non-wholly owned subsidiaries, Changyi Company and Yichang Company entered into the framework agreements with Maintenance Technology Company, respectively, in respect to the maintenance and comprehensive technical services and other projects for a term commencing from 1 April 2021 to 31 December 2021. It is estimated that the annual maintenance technology research and services fee payable by Guangjing Xicheng Company and its non-wholly owned subsidiaries to Maintenance Technology Company shall not exceed RMB8 million. Of which, the agreement amount payable by Guangjing Xicheng Company shall not exceed RMB6 million, the agreement amount payable by Changyi Company shall not exceed RMB0.50 million, the agreement amount payable by Yichang Company shall not exceed RMB1.50 million.</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party/connected transaction relating to day-to-day operations (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 26 March 2021, the Company entered into an agreement with China Merchants Chongqing Communications Technology Research & Design Institute Co., Ltd., a wholly-owned subsidiary of China Merchants Expressway Network (the second largest shareholder of the Company), in respect to the construction and consultant project of Maoshan tunnel management platform for a term from 1 April 2021 to 31 December 2021, with an agreement amount of not exceeding RMB2 million.</p>	<p>For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>
<p>On 26 March 2021, the Company entered into the annual framework agreement with Huatong Engineering Company (being an associate of the controlling shareholder of the Company) in respect to the regular inspection on bridges and culverts as well as tunnels, special inspection on steel bridges and bridges in special structure, improvement of bridge guardrails and other daily repair and maintenance projects on bridges, and operation and maintenance and data analysis on weigh-in-motion system and other projects for a term commencing from 1 April 2021 to 31 December 2021, with the agreement amount of not more than RMB22.35 million; Guangjing Xicheng Company entered into the framework agreements with Huatong Engineering Company, in respect to the regular inspection and construction on roads and bridges and other projects for a term commencing from 1 January 2021 to 31 December 2021, with the agreement amount of not more than RMB11 million.</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party/connected transaction relating to day-to-day operations (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 26 March 2021, the Company entered into the ordinary related party transaction framework agreement with Sundian Testing Company (being an associate of the controlling shareholder of the Company) in respect to the inspection on underwater pile foundations and road facilities and other projects for a term commencing from 1 April 2021 to 31 December 2021, with the agreement amount of not more than RMB8.40 million; Wufengshan Toll Bridge Company, a non-wholly owned subsidiary of the Company, entered into the ordinary related party transaction framework agreement with Sundian Testing Company in respect to the inspection on the initial condition prior to the opening of main bridge and approach bridge of the Wufengshan pathway crossing rivers, including the basic information collection of bridges and culverts, inspection on track defects of structure of bridges and culverts and the support, etc. for a term commencing from 1 April 2021 to 30 June 2021, with the agreement amount of not more RMB2.50 million; Guangjing Xicheng Company and its non-wholly owned subsidiaries, Changyi Company entered into the framework agreements with Sundian Testing Company, in respect to the inspection and construction of roads and bridges and other projects for a term commencing from 1 April 2021 to 31 December 2021, with the agreement amount of not more RMB8 million. Of which, the agreement amount payable by Guangjing Xicheng Company shall not exceed RMB6 million and the agreement amount payable by Changyi Company shall not exceed RMB2 million.</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party/connected transaction relating to day-to-day operations (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 26 March 2021, the Company entered into entrustment management agreement with its non-wholly owned subsidiaries, Wufengshan Toll Bridge Company (a connected subsidiary of the Company) and Suxichang South Expressway Company (being an associate of the controlling shareholder of the Company), respectively, in respect to the entrustment of their respective ordinary operation and management matters (excluding the service areas and petrol stations) to the Company, for a term commencing from 1 January 2021 to 31 December 2023. The total agreement amount shall not exceed RMB336 million. Of which: the agreement amount payable by Wufengshan Toll Bridge Company shall not exceed RMB190 million (not more than RMB50 million in 2021); and the agreement amount payable by Suxichang South Expressway Company shall not exceed RMB146 million (not more than RMB6 million in 2021).</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>
<p>On 26 March 2021, the Company entered into the annual framework agreement with East Road & Bridge Company (being an associate of the controlling shareholder of the Company) in respect to the overall maintenance and emergency maintenance in winter prevention and other projects for a term commencing from 1 April 2021 to 31 December 2021, with the agreement amount of not more than RMB12.374 million.</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>
<p>On 26 March 2021, Guangjing Xicheng Company (a non-wholly owned subsidiary of the Company) and its non-wholly owned subsidiaries, Changyi Company and Yichang Company, entered into the relevant framework agreements with Xiandai R&B Company (being an associate of the controlling shareholder of the Company), respectively, in respect to the maintenance on traffic safety facilities of expressways, greening projects and daily maintenance projects for a term commencing from 1 April 2021 to 31 December 2021, with the agreement amount of not more than RMB70 million, of which, the agreement amount payable by Guangjing Xicheng Company shall not exceed RMB63 million, the agreement amount payable by Changyi Company shall not exceed RMB3 million, and the agreement amount payable by Yichang Company shall not exceed RMB4 million.</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party/connected transaction relating to day-to-day operations (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 26 March 2021, Guangjing Xicheng Company, a non-wholly owned subsidiary of the Company, and its non-wholly owned subsidiaries, Changyi Company and Yichang Company, entered into the relevant purchase agreements with Hetai Expressway Operation Company (being an associate of the controlling shareholder of the Company) in respect to the engineering material procurement for a term commencing from 1 April 2021 to 31 March 2024, with the agreement amount not more than RMB5.85 million. Of which, the agreement amount payable by Guangjing Xicheng Company shall not exceed RMB3.80 million (not more than RMB1 million from 1 April 2021 to 31 December 2021); the agreement amount payable by Changyi Company shall not exceed RMB0.85 million (not more than RMB0.2 million from 1 April 2021 to 31 December 2021); and the agreement amount payable by Yichang Company shall not exceed RMB1.20 million (not more than RMB0.30 million from 1 April 2021 to 31 December 2021).</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>
<p>On 26 March 2021, Guangjing Xicheng Company, a non-wholly owned subsidiary of the Company, and its subsidiary, Yichang Company, entered into the relevant framework agreement with Engineering Maintenance Company (being an associate of the controlling shareholder of the Company) with respect to the inspection, detection and construction on roads and bridges and other projects for a term commencing from 1 April 2021 to 31 December 2021, with the agreement amount not more than RMB21 million. Of which, the agreement amount payable by Guangjing Xicheng Company shall not exceed RMB19 million, and the agreement amount payable by Yichang Company shall not exceed RMB2 million.</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party/connected transaction relating to day-to-day operations (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 26 March 2021, Guangjing Xicheng Company, a non-wholly owned subsidiary of the Company, entered into the relevant agreements with Expressway Petroleum Company (being an associate of the controlling shareholder of the Company) and its wholly-owned subsidiary, Taixing Oil Products Company (being an associate of the controlling shareholder of the Company) with respect to the petrol stations leasing in service areas, and the rental price is determined based on the petroleum sales volume, with the guaranteed rental fees of RMB0.5 million. The term of agreements commences from 1 January 2021 to 31 December 2023. Based on the currently estimated sales volume of petroleum for the period from 2021 to 2023, the estimated agreement amount shall be not more than RMB78 million (not more than RMB25 million in 2021).</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>
<p>On 26 March 2021, Wufengshan Toll Bridge Company, a non-wholly owned subsidiary of the Company, entered into the related party transaction agreement with Network Operation Company (being an associate of the controlling shareholder of the Company) with respect to the expressway network management services for a term commencing from 1 April 2021 to 31 December 2022, with the agreement amount not more than RMB7.5 million (not more than RMB2.5 million from 1 April 2021 to 31 December 2021); Changyi Company and Yichang Company, the non-wholly owned subsidiaries of Guangjing Xicheng Company, entered into the related party transaction framework agreements with Network Operation Company, respectively, with respect to the expressway network management services for a term commencing from 1 January 2021 to 31 December 2023, with the agreement amount not more than RMB9 million. Of which: the agreement amount payable by Changyi Company shall not exceed RMB4.50 million (not more than RMB1 million in 2021), and the agreement amount payable by Yichang Company shall not exceed RMB4.50 million (not more than RMB1 million in 2021.)</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party/connected transaction relating to day-to-day operations (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 26 March 2021, Zhendan Company and Wufengshan Toll Bridge Company, the non-wholly owned subsidiaries of the Company, entered into the ordinary related party transaction framework agreements with Micro Video Company (being an associate of the controlling shareholder of the Company), respectively, in respect to the information system development and maintenance projects of Cloud check-in, of which, the agreement with Zhendan Company commences from 1 April 2021 to 31 December 2021 with the agreement amount of not more than RMB0.60 million; and the agreement with Wufengshan Toll Bridge Company commences from 1 April 2021 to 31 December 2023 with the agreement amount of not more than 3.80 million (not more than RMB2.60 million from 1 April 2021 to 31 December 2021).</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>
<p>On 26 March 2021, Zhendan Company and Wufengshan Toll Bridge Company, non-wholly owned subsidiaries the Company, entered into the ordinary related party transaction framework agreements with Xiandai R&B Company (being an associate of the controlling shareholder of the Company) , respectively, in respect to the daily maintenance on road surface, maintenance on traffic safety facilities, basic construction of gantry and other projects for a term commencing from 1 April 2021 to 31 March 2022, of which, the agreement amount payable by Zhendan Company shall not exceed RMB5.375 million from 1 April 2021 to 31 December 2021 and the agreement amount payable by Wufengshan Toll Bridge Company shall not exceed RMB9.75 million from 1 January 2021 to 31 December 2021.</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party/connected transaction relating to day-to-day operations (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event

Enquiry Index

On 26 March 2021, Yangtze River Management Company, a wholly-owned subsidiary of the Company, entered into the relevant lease agreements with Guangjing Xicheng Company (a connected subsidiary of the Company) and Yangtze Bridge Company (being an associate of the controlling shareholder of the Company), respectively, in respect to the vehicle lease and other matters for a term of agreement from 1 January 2021 to 31 December 2023, with an agreement amount of not more than RMB0.81 million, of which, (1) the lease fee payable by Yangtze River Management Company to Guangjing Xicheng Company shall not exceed RMB0.36 million (not more than RMB0.12 million in 2021); and (2) the lease fee payable by Yangtze River Management Company to Yangtze Bridge Company shall not exceed RMB0.45 million (not more than RMB0.15 million in 2021).

For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.

On 26 March 2021, Yangtze River Management Company, a wholly-owned subsidiary of the Company, entered into the entrusted operation management agreement with Yangtze Bridge Company (being an associate of the controlling shareholder of the Company), Hutong Bridge Company (being an associate of the controlling shareholder of the Company), Guangjing Xicheng Company (a connected subsidiary of the Company), Changyi Company (a connected subsidiary of the Company) and Yichang Company (a connected subsidiary of the Company) respectively, in respect of entrusted operation and management for a term commencing from 1 April 2021 to 31 December 2023, with the entrusted management fee payable not exceeding RMB188.39 million. Of which, (1) the entrusted fee payable by Yangtze Bridge Company to Yangtze River Management Company shall not exceed RMB64.38 million (not more than RMB19.8 million from 1 April 2021 to 31 December 2021); (2) the entrusted fee payable by Hutong Bridge Company to Yangtze River Management Company shall not exceed RMB34.55 million (not more than RMB10.6 million from 1 April 2021 to 31 December 2021); (3) the entrusted fee payable by Guangjing Xicheng Company to Yangtze River Management Company shall not exceed RMB69.34 million (not more than RMB21.30 million from 1 April 2021 to 31 December 2021); (4) the entrusted fee payable by Changyi Company to Yangtze River Management Company shall not exceed RMB8.97 million (not more than RMB2.4 million from 1 April 2021 to 31 December 2021); and (5) the entrusted fee payable by Yichang Company to Yangtze River Management Company shall not exceed RMB11.15 million (not more than RMB3 million from 1 April 2021 to 31 December 2021).

For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party/connected transaction relating to day-to-day operations (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 26 March 2021, Yangtze River Management Company, a wholly-owned subsidiary of the Company, entered into the related party transaction agreement with Ninghang Cultural Tourism Company (being an associate of the controlling shareholder of the Company) in respect to the employee development training for a term from 1 January 2021 to 31 December 2023, with the agreement amount not more than RMB0.75 million (not more than RMB0.2 million in 2021); Guangjing Xicheng Company (a non-wholly owned subsidiary of the Company) and its non-wholly owned subsidiaries, Changyi Company and Yichang Company, entered into the related party transaction agreements with Ninghang Cultural Tourism Company with respect to the employee business skill training for a term commencing from 1 January 2021 to 31 December 2023, with the agreement amount not more than RMB2.85 million. Of which: the estimated amount incurred in 2021 shall not exceed RMB0.80 million (the amount payable by Guangjing Xicheng Company not more than RMB0.55 million, the amount payable by Changyi Company not more than RMB0.10 million, and the amount payable by Yichang Company not more than RMB0.15 million).</p>	<p>For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>
<p>On 26 March 2021, Yangtze Commerce and Energy, a wholly-owned subsidiary of the Company, entered into the relevant framework agreements with a non-wholly owned subsidiary of the Company, Wufengshan Toll Bridge Company (a connected subsidiary of the Company) and Suxichang Expressway Company (being an associate of the controlling shareholder of the Company), respectively, in respect to the entrustment management of service areas for a lease term of 3 years commencing from the official business commencement date of the service areas in Wufengshan Toll Bridge Service Area and Xueyan Service Area. The estimated agreement amount is not more than RMB46.80 million. Of which: the amount payable by Wufengshan Toll Bridge Company shall not exceed RMB28.80 million (not more than RMB8.50 million in the first year from its opening date, not more than RMB9.80 million in the second year from its opening date, and not more than RMB10.50 million in the third year from its opening date); and the amount payable by Suxichang Expressway Company shall not exceed RMB18 million (not more than RMB5.50 million in the first year from its opening date, not more than RMB6 million in the second year from its opening date, and not more than RMB6.50 million in the third year from its opening date).</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party/connected transaction relating to day-to-day operations (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 26 March 2021, Yangtze Commerce and Energy, a wholly-owned subsidiary of the Company, entered into the relevant framework agreements with a non-wholly owned subsidiary of the Company, Wufengshan Toll Bridge Company (a connected subsidiary of the Company) and Suxichang Expressway Company (being an associate of the controlling shareholder of the Company) in respect to the petrol stations leasing. Pursuant to which, Wufengshan Toll Bridge Company and Suxichang Expressway Company shall lease the petrol stations in service areas to Yangtze Commerce and Energy for operation for a term of 3 years commencing from the official business commencement date of the gas stations in Wufengshan Toll Bridge Service Area and Xueyan Service Area, with the estimated agreement amount of not more than RMB20 million. Of which: the agreement amount receivable by Wufengshan Toll Bridge Company shall not exceed RMB16 million (not more than RMB4.50 million in 2021); and the agreement amount receivable by Suxichang Expressway Company shall not exceed RMB4 million (not more than RMB1.15 million in 2021).</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>
<p>On 26 March 2021, the Company entered into a property leasing agreement with Railway Group Company, an associate of the controlling shareholder of the Company, for a term commencing from 1 January 2021 to 31 December 2023, the annual rental is RMB3,973,640 and the total rental is approximately RMB11,920,920.</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party/connected transaction relating to day-to-day operations (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 26 March 2021, the Company and Tongxingbao Company (being an associate of the controlling shareholder of the Company) entered into the ETC customer service outlets management agreement with respect to the lease of the property of the Company as the ETC customer service outlets and the entrustment operation and management for a term commencing from 1 April 2021 to 31 March 2022. The total amount of rent, all utilities and charges for sewage discharge shall not exceed RMB1 million temporarily with reference to the prevailing rent of similar properties (of which, not more than RMB0.75 million from 1 April 2021 to 31 December 2021).</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>
<p>On 26 March 2021, Guangjing Xicheng Company and its non-wholly owned subsidiaries, Changyi Company and Yichang Company, entered into relevant agreements with Media Company (being an associate of the controlling shareholder of the Company), respectively, in respect to the lease of advertising media for a term commencing from 1 January 2021 to 31 December 2023. The estimated total rental for three years payable by Media Company shall not exceed RMB20.40 million. Of which, the agreement amount receivable by Guangjing Xicheng Company shall not exceed RMB17 million (Nil for 2021), the agreement amount receivable by Changyi Company shall not exceed RMB1.50 million (not more than RMB0.30 million in 2021), and the agreement amount receivable by Yichang Company shall not exceed RMB1.90 million (not more than RMB0.50 million in 2021).</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party/connected transaction relating to day-to-day operations (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 26 March 2021, Guangjing Xicheng Company and its non-wholly owned subsidiaries, Changyi Company and Yichang Company, entered into framework agreements with Micro Video Company (being an associate of the controlling shareholder of the Company) in respect to panoramic HD camera installation, SD-WAN network construction in service areas, gantry snapshot and cloudification, video surveillance platform upgrade and reconstruction, use of cloud dispatch platform, office system maintenance and other projects for a term commencing from 1 January 2021 to 31 December 2021, with the agreement amount of not more than RMB4 million, of which, the agreement amount payable by Guangjing Xicheng Company, Changyi Company and Yichang Company shall not exceed RMB2 million, RMB1 million and RMB1 million, respectively.</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>
<p>On 26 March 2021, Changyi Company and Yichang Company, the non-wholly owned subsidiaries of Guangjing Xicheng Company, entered into relevant training agreements with Human Resources Company (being an associate of the controlling shareholder of the Company) with respect to the employee business skills training and other businesses for a term commencing from 1 January 2021 to 31 December 2022, with the agreement amount not more than RMB2.20 million. Of which, the agreement amount payable by Changyi Company shall not exceed RMB1 million (not more than RMB0.40 million in 2021), and the agreement amount payable by Yichang Company shall not exceed RMB1.20 million (not more than RMB0.5 million in 2021).</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>
<p>On 28 April 2021, the Company and Guangjing Xicheng Company entered into pavement maintenance materials purchase contracts with Xiandai R&B Company (being an associate of the controlling shareholder of the Company) in the amount of RMB190 million and RMB86 million, respectively for the purchase of asphalt mix for pavement maintenance.</p>	<p>For details, please refer to the announcements on related party/connected transactions published by the Company on the website of the SSE at www.sse.com.cn on 29 April 2021 and on the website of the Stock Exchange at www.hkexnews.hk on 28 April 2021, respectively.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party/connected transaction relating to day-to-day operations (Continued)

2. **Matters disclosed in temporary announcements but with progress or change in subsequent implementation**

Applicable Not Applicable

3. **Matters not disclosed in temporary announcements**

Applicable Not Applicable

(II) Related party/connected transactions on acquisition or disposal of assets or equity interests

1. **Matters disclosed in temporary announcements and with no progress or change in subsequent implementation**

Applicable Not Applicable

2. **Matters disclosed in temporary announcements but with progress or change in subsequent implementation**

Applicable Not Applicable

3. **Matters not disclosed in temporary announcements**

Applicable Not Applicable

4. **If agreement upon performance is involved, the performance achievements during the Reporting Period shall be disclosed**

Applicable Not Applicable

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(III) Significant related party/connected transactions on the joint external investment

1. **Matters disclosed in temporary announcements and with no progress or change in subsequent implementation**

Applicable Not Applicable

2. **Matters disclosed in temporary announcements but with progress or change in subsequent implementation**

Applicable Not Applicable

In August 2021, the Consortium received an official letter from IC Company in Turkey (as seller), in which the IC Company requested a negotiation between both parties on the relevant terms of a termination agreement for the acquisition of Turkish third bridge project. Upon comprehensive consideration by all members of the Consortium, it is decided to accept IC Company's suggestion and both parties propose to carry out follow-up negotiations on the termination agreement.

3. **Matters not disclosed in temporary announcements**

Applicable Not Applicable

(IV) Claims and liabilities between related parties/connected persons

1. **Matters disclosed in temporary announcements and with no progress or change in subsequent implementation**

Applicable Not Applicable

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(IV) Claims and liabilities between related parties/connected persons (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 22 March 2019, the Company entered into the Financial Services Agreement with Finance Company (being an associate of controlling shareholder of the Company) for a term of three years commencing on 1 April 2019. The maximum daily deposit balance (including interest accrued) should not exceed RMB500 million and should be lower than 5% of the audited operating revenue, total assets or market value of the Company; meanwhile, Finance Company should grant the Company a comprehensive unsecured credit facility of no less than RMB2 billion.</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn on 25 March 2019 and on the website of the Stock Exchange at www.hkexnews.hk on 24 March 2019, respectively.</p>
<p>On 26 February 2020, the Company signed a loan agreement with Wufengshan Toll Bridge Company (a connected subsidiary of the Company). The amount of loan that the Company provided to Wufengshan Toll Bridge Company (a non-wholly owned subsidiary of the Company) was no more than RMB1.5 billion. The loans shall be valid for three years from the date of the approval at the general meeting, and the loans shall be applied towards road & bridge projects and shall be drawn in accordance with the progress of the projects with a term of three years commencing from the respective date of drawdown. Interest was calculated on the basis of the prevailing interest rates of the corporate bonds to be issued by the Company. The expenses in relation to the repayment of the principal and interest shall be paid by Wufengshan Toll Bridge Company.</p>	<p>For details, please refer to the announcements on the related party/connected transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 27 February 2020 and the relevant circular published by the Company on the website of the SSE at www.sse.com.cn on 6 March 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 5 March 2020.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(IV) Claims and liabilities between related parties/connected persons (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event

Enquiry Index

On 26 February 2020, the Company signed a loan agreement with Changyi Company and Yichang Company (both being subsidiaries of a connected subsidiary of the Company) respectively. The amount of loans that the Company provided to Changyi Company and Yichang Company, indirectly non-wholly owned subsidiaries of the Company, was no more than RMB0.3 billion and RMB0.7 billion, respectively. The above loans shall be valid for three years from the date of the approval at the general meeting, and the loans shall be applied towards road & bridge projects and shall be drawn in accordance with the progress of the projects with a term of three years commencing from the respective date of drawdown. Interest was calculated on the basis of the prevailing interest rates of the corporate bonds to be issued by the Company. The expenses in relation to the repayment of the principal and interest shall be paid by Changyi Company and Yichang Company.

For details, please refer to the announcements on the related party/connected transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 27 February 2020 and the relevant circular published by the Company on the website of the SSE at www.sse.com.cn on 6 March 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 5 March 2020.

On 31 March 2020, the Company signed a loan agreement with Guangjing Xicheng Company (a connected subsidiary of the Company). The Company proposed to use proceeds raised from the medium-term notes and ultra-short term notes to be issued to provide loans to Guangjing Xicheng Company, with an amount of no more than RMB0.6 billion and RMB0.5 billion, respectively, which shall be applied towards the repayment of due loans of Guangjing Xicheng Company. The above loans shall be valid for two years from the date of the approval at the general meeting, with a term of three years. Interest of loans is calculated on the basis of the prevailing interest rates of the medium-term notes and ultra-short term notes to be issued. The expenses in relation to the repayment of the principal and interest shall be paid by Guangjing Xicheng Company. Due to the pandemic in 2020, the loan of RMB0.6 billion, to be provided to Guangjing Xicheng Company with the proceeds to be raised from the medium-term notes as agreed in the original loan agreement dated 31 March 2020, has not been withdrawn. In order to broaden the sources of funds, the Company and Guangjing Xicheng Company signed a termination agreement on 26 March 2021.

For details, please refer to the announcements on the related party/connected transactions and discloseable transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020 and the relevant circular published by the Company on the website of the SSE at www.sse.com.cn on 7 May 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 6 May 2020. For details, please refer to the announcements on the related party/connected transactions published by the Company on the website of the SSE at www.sse.com.cn on 29 March 2021 and on the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(IV) Claims and liabilities between related parties/connected persons (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 31 March 2020, the Company signed a loan agreement with Wufengshan Toll Bridge Company (being an associate of controlling shareholder of the Company). The Company proposed to use proceeds raised from the issued medium-term notes to provide Wufengshan Toll Bridge Company, a non-wholly owned subsidiary of the Company, with loans of no more than RMB1.8 billion, which shall be applied towards road & bridge projects construction or the replacement of the late stage project loans. The above loans shall be valid for two years from the date of the approval at the general meeting, with a term of three years. Interest of loans is calculated on the basis of the prevailing interest rates of the medium-term notes to be issued by the Company. The expenses in relation to the repayment of the principal and interest shall be paid by Wufengshan Toll Bridge Company.</p>	<p>For details, please refer to the announcements on the related party/connected transactions and discloseable transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020 and the relevant circular published by the Company on the website of the SSE at www.sse.com.cn on 7 May 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 6 May 2020.</p>
<p>On 31 March 2020, the Company signed a loan agreement with Yichang Company (a subsidiary of a connected subsidiary of the Company). The Company provided Yichang Company, an indirectly non-wholly owned subsidiary of the Company, with loans of no more than RMB1 billion, which shall be applied towards road & bridge projects construction. The above loans shall be valid for two years from the date of the approval at the general meeting, with a term of three years. Interest of loans is calculated on the basis of the prevailing interest rates of the medium-term notes to be issued by the Company. The expenses in relation to the repayment of the principal and interest shall be paid by Yichang Company.</p>	<p>For details, please refer to the announcements on the related party/connected transactions and discloseable transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020 and the relevant circular published by the Company on the website of the SSE at www.sse.com.cn on 7 May 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 6 May 2020.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(IV) Claims and liabilities between related parties/connected persons (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event

Enquiry Index

On 24 June 2020, the Company signed an agreement for use of direct financing funds by way of unified borrowing and repayment with Jiangsu Communications Holding (a controlling shareholder of the Company). Jiangsu Communications Holding shall provide the proceeds it applied from the local government raised through special bond, with a funding balance of no more than RMB500 million. The funding cost shall be calculated based on the amount, interest rate, term of the bond and commission charges actually incurred and shall not exceed the lending rate of the People's Bank of China with the same term. The expenses in relation to the repayment of the principal and related interest shall be paid by the Company. No pledge or guarantee is required to be provided by the Company. Such borrowing shall be valid for a term of three years with effect from the signing date of the agreement. Interest is calculated on the basis of the prevailing interest rates of the local government special bond issued by Jiangsu Communications Holding. The expenses in relation to the repayment of the principal and interest shall be paid by the Company. Wufengshan Toll Bridge Company, Changyi Company, Yichang Company, all being non-wholly owned subsidiaries of the Company, signed an agreement for use of direct financing funds by way of unified borrowing and repayment with Jiangsu Communications Holding (a controlling shareholder of the Company), pursuant to which Jiangsu Communications Holding will, as the principal, raise proceeds by way of issuance of short-term notes, ultra-short-term notes, medium-term notes, enterprise bonds, corporate bonds and insurance funds and other types of direct financing instrument for the aforesaid subsidiaries of the Company. The funds shall be used for the construction of Wufengshan Toll Bridge Project, Changyi and Yichang Expressway Projects, complementing current funds capital and repaying interest-bearing debts. Each of the funding balance shall not exceed RMB1,000 million. The funding cost shall be calculated based on the amount, interest rate, term of the financing product and commission charges actually incurred and shall not exceed the lending rate of the People's Bank of China with the same term. The expenses in relation to the repayment of the principal and related interest shall be born and paid by each of the subsidiaries. No pledge or guarantee is required to be provided by Wufengshan Toll Bridge Company, Changyi Company and Yichang Company. Such borrowing shall be valid for a term of three years with effect from the signing date of the agreement. Interest is calculated on the basis of the prevailing interest rates of the local government special bond issued by Jiangsu Communications Holding. The expenses in relation to the repayment of the principal and related interest shall be born and paid by Wufengshan Toll Bridge Company, Changyi Company and Yichang Company.

For details, please refer to the announcement on resolution of the Board published by the Company on the website of the SSE at www.sse.com.cn on 29 June 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 24 June 2020.

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(IV) Claims and liabilities between related parties/connected persons (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 30 October 2020, the Company entered into a loan agreement with Guangjing Xicheng Company (a connected subsidiary of the Company), pursuant to which, the Company shall use proceeds raised from the issuance of ultra-short term notes to provide a loan to Guangjing Xicheng Company, a non-wholly owned subsidiary of the Company, with an amount of not more than RMB500 million. The loan shall be used by Guangjing Xicheng Company to repay the bank loans due. The term of the loan is three years. The interest of the loan is calculated on the basis of the prevailing interest rates of the ultra-short term notes to be issued. The expenses in relation to the Company's issuance of ultra-short term notes and the repayment of the principal and interest shall be borne and paid by Guangjing Xicheng Company.</p>	<p>For details, please refer to the announcements on the related party/connected transactions published by the Company on the website of the SSE at www.sse.com.cn on 31 October 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 1 November 2020.</p>
<p>On 26 March 2021, the Company, Longtan Bridge Company and Guangjing Xicheng Company (both being non-wholly owned subsidiaries of the Company) entered into an agreement for use of direct financing funds by way of unified borrowing and repayment with Jiangsu Communications Holding (the controlling shareholder of the Company), pursuant to which Jiangsu Communications Holding will, as the principal, raise proceeds by way of issuance of ultra-short-term notes, medium-term notes, enterprise bonds, corporate bonds, insurance debt schemes, local government special bonds and other types of direct financing instruments for the aforesaid subsidiaries. The proceeds raised will be used for repayment of due debts, project construction, equity contribution, replenishment of working capital and other purposes permitted by laws and regulations. The funding balance for each of the Company, its non-wholly owned subsidiaries Longtan Bridge Company and Guangjing Xicheng Company will not exceed RMB1,000 million. The funding cost shall be calculated based on the amount, interest rate, term of the financing products and commission charges actually incurred and shall not exceed the lending rate of the People's Bank of China with the same term. The expenses in relation to the repayment of the principal and related interest shall be born and paid by each of the subsidiaries, accordingly. No pledge or guarantee is required to be provided by the Company, Longtan Bridge Company and Guangjing Xicheng Company. Such borrowing shall be valid for a term of three years with effect from the signing date of the agreement.</p>	<p>For details, please refer to the announcements on resolution of the Board published by the Company on the website of the SSE at www.sse.com.cn on 29 March 2021 and on the website of the Stock Exchange at www.hkexnews.hk on 28 March 2021.</p>

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(IV) Claims and liabilities between related parties/connected persons (Continued)

1. Matters disclosed in temporary announcements and with no progress or change in subsequent implementation (Continued)

Description of Event	Enquiry Index
<p>On 26 March 2021, the Company and Guangjing Xicheng Company (a connected subsidiary of the Company) signed a loan agreement, pursuant to which the Company will provide loans of not more than RMB800 million to Guangjing Xicheng Company with the proceeds to be raised from direct financing, with a term of three years, and the interest is calculated at the prevailing interest rate of the financing products to be issued by the Company. The expenses in relation to the issuance of the financing products and repayment of principals and related interest shall be born and paid by Guangjing Xicheng Company. The loans shall be valid for a term of two years with effect from the date of approval at the general meeting.</p>	<p>For details, please refer to the announcements on the related party/connected transactions published by the Company on the website of the SSE at www.sse.com.cn on 29 March 2021 and on the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>
<p>On 26 March 2021, the Company and Wufengshan Toll Bridge Company (a connected subsidiary of the Company) signed a loan agreement, pursuant to which the Company will provide loans of not more than RMB1,000 million to Wufengshan Toll Bridge Company with the proceeds to be raised from direct financing, with a term of three years, and the interest is calculated at the prevailing interest rate of the financing products to be issued by the Company. The expenses in relation to the issuance of the financing products and repayment of principals and related interest shall be born and paid by Wufengshan Toll Bridge Company. The loans shall be valid for a term of two years with effect from the date of approval at the general meeting.</p>	<p>For details, please refer to the announcements on the related party/connected transactions published by the Company on the website of the SSE at www.sse.com.cn on 29 March 2021 and on the website of the Stock Exchange at www.hkexnews.hk on 29 March 2021.</p>
<h5>2. Matters disclosed in temporary announcements but with progress or change in subsequent implementation</h5>	

Applicable Not Applicable

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(IV) Claims and liabilities between related parties/connected persons (Continued)

3. Matters not disclosed in temporary announcements

Applicable Not Applicable

Unit: Yuan Currency: RMB

Related party	Related relationship	Funding provided to related parties			Funding provided by related parties to the Company		
		Opening balance	Amount incurred	Closing balance	Opening balance	Amount incurred	Closing balance
Jiangsu Communications Holding	Parent company				2,721,430,637.24	-3,046,507.04	2,718,384,130.20
Finance Company	Subsidiary of the parent company				150,142,000.00	160,132,027.78	310,274,027.78
Sutong Bridge Company	Subsidiary of the parent company				370,407,000.00	-50,087,000.00	320,320,000.00
Husuzhe Company	Subsidiary of the parent company				100,106,944.44	-9,722.21	100,097,222.23
Total					3,342,086,581.68	106,988,798.53	3,449,075,380.21

Reasons for related creditor's rights and debts

The related creditor's rights and debts were formed due to the borrowing and lending of funds among the related parties. The above funds shall be provided at a rate not exceeding the prevailing bank loan interest rate in the same period. The Company and its subsidiaries would not be required to provide any guarantee and pledge.

Effect of related creditor's rights and debts on the Company's operating results and financial position

The related creditor's rights and debts did not have material impact on the Company's operating results and financial position.

(V) Financial transactions between the Company and the related finance companies, and between finance companies controlled by the Company and related parties/connected persons

Applicable Not Applicable

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(V) Financial transactions between the Company and the related finance companies, and between finance companies controlled by the Company and related parties/connected persons (Continued)

1. Deposits

Applicable Not Applicable

Unit: Yuan Currency: RMB

Related party	Related relationship	Maximum daily deposit amount	Range of deposit interest rates	Opening balance	Amount incurred	Closing balance
Finance Company	Associated company and under the same ultimate controlling shareholder	500,000,000.00	0.385%-1.265%	137,498,011.11	164,349,970.74	301,847,981.85
Total	/	/	/	137,498,011.11	164,349,970.74	301,847,981.85

2. Loans

Applicable Not Applicable

Unit: Yuan Currency: RMB

Related party	Related relationship	Loan facilities	Range of loan interest rates	Opening balance	Amount incurred	Closing balance
Finance Company	Associated company and under the same ultimate controlling shareholder	2,000,000,000.00	3.15%-3.55%	150,142,000.00	160,132,027.78	310,274,027.78
Total	/	/	/	150,142,000.00	160,132,027.78	310,274,027.78

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(V) Financial transactions between the Company and the related finance companies, and between finance companies controlled by the Company and related parties/connected persons (Continued)

3. Credit extension or other financial business

Applicable Not Applicable

Unit: Yuan Currency: RMB

Related party	Related relationship	Business type	Total	Amount incurred
Finance Company	Associated company and under the same ultimate controlling shareholder	Electronic commercial bill acceptance	24,950,000.00	20,250,000.00

4. Other explanations

Applicable Not Applicable

(VI) Other Major Related Party/Connected Transactions

Applicable Not Applicable

(VII) Others

Applicable Not Applicable

XI. MAJOR CONTRACTS AND THE PERFORMANCE THEREOF

1. Custody, contracting and leasing matters

Applicable Not Applicable

(1) Custody

Applicable Not Applicable

SECTION VI SIGNIFICANT MATTERS

XI. MAJOR CONTRACTS AND THE PERFORMANCE THEREOF (CONTINUED)

1. Custody, contracting and leasing matters (Continued)

(2) Contracting

Applicable Not Applicable

(3) Leasing

Applicable Not Applicable

Unit: Yuan Currency: RMB

Name of lessor	Name of lessee	Status of leased assets	Amount of lease of asset	Date of commencement of lease	Date of expiry of lease	Lease income	Basis of determination of lease income	Effect of lease income on the Company	Whether or not a related party transaction	Related party relationship
Company	Jiaxing Kaitong Investment Co., Ltd.	Meicun Service Area	12,955,904	2017/1/10	2023/1/9	280,000,000	An agency was engaged by the Company to conduct open tendering with a minimum bid of RMB200 million. The bidder with the highest overall score won the bid. The matter has been considered and approved by the Board of Directors of the Company.	During the Reporting Period, the profit derived from the service area decreased by RMB1,904,000 year-on-year.	No	Other
Company	Jiaxing Tonghui Expressway Service Zone Operation and Management Co., Ltd.	Xianrenshan Service Area	17,805,392	2017/6/16	2023/6/15	143,510,346	An agency was engaged by the Company to conduct open tendering with a minimum bid of RMB100.3 million. The bidder with the highest overall score won the bid. The matter has been considered and approved by the Board of Directors of the Company.	During the Reporting Period, the profit derived from the service area decreased by RMB771,000 year-on-year.	No	Other
Company	Tongxiang Yintong Expressway Service Zone Operation and Management Co., Ltd.	Huanglishu Service Area	47,256,513	2017/7/1	2023/6/30	133,070,000	An agency was engaged by the Company to conduct open tendering with a minimum bid of RMB108.02 million. The bidder with the highest overall score won the bid. The matter has been considered and approved by the Board of Directors of the Company.	During the Reporting Period, the profit derived from the service area decreased by RMB212,000 year-on-year.	No	Other

SECTION VI SIGNIFICANT MATTERS

XI. MAJOR CONTRACTS AND THE PERFORMANCE THEREOF (CONTINUED)

1. Custody, contracting and leasing matters (Continued)

(3) Leasing (Continued)

Name of lessor	Name of lessee	Status of leased assets	Amount of lease of asset	Date of commencement of lease	Date of expiry of lease	Lease income	Basis of determination of lease income	Effect of lease income on the Company	Whether or not a related party transaction	Related party relationship
Company	Jiaxing Kaitong Investment Co., Ltd.	Yangcheng Lake Service Area	60,930,582	2018/5/15	2027/5/14	185,000,000	An agency was engaged by the Company to conduct open tendering with a minimum bid of RMB176.08 million. The bidder with the highest overall score won the bid. The matter has been considered and approved by the Board of Directors of the Company.	During the Reporting Period, the profit derived from the service area decreased by RMB493,000 year-on-year	No	Other
Company	Dragon City Tourism Holding Group Co., Ltd.	Fangmaoshan Service Area	20,919,070	2018/5/11	2026/5/10	185,260,000	An agency was engaged by the Company to conduct open tendering with a minimum bid of RMB160 million. The bidder with the highest overall score won the bid. The matter has been considered and approved by the Board of Directors of the Company.	During the Reporting Period, the profit derived from the service area decreased by RMB336,000 year-on-year	No	Other
Company	Nanjing Baisheng Business Management Co., Ltd.	Douzhuang Service Area	17,806,972	2018/9/21	2026/9/20	157,040,000	An agency was engaged by the Company to conduct open tendering with a minimum bid of RMB160 million. The bidder with the highest overall score won the bid. The matter has been considered and approved by the Board of Directors of the Company.	During the Reporting Period, the profit derived from the service area decreased by RMB197,000 year-on-year	No	Other

Details of lease

For details, please see the section "Discussion and Analysis of Operations".

SECTION VI SIGNIFICANT MATTERS

XI. MAJOR CONTRACTS AND THE PERFORMANCE THEREOF (CONTINUED)

2. Material guarantees performed and outstanding during the Reporting Period

Applicable Not Applicable

Unit: Yuan Currency: RMB

Guarantee of the Company in favour of its subsidiaries

Total guarantee in favour of its subsidiaries incurred during the Reporting Period	119,550,000.00
Total guarantee balance in favour of its subsidiaries as at the end of the Reporting Period	413,150,000.00
Total guarantee of the Company (including the guarantee in favour of its subsidiaries)	
Total guarantee	413,150,000.00
Total guarantee as a percentage of the Company's net assets (%)	1.2

Explanation of guarantee

The Company provided guarantee for the application for comprehensive credit line by Factoring Company, a wholly-owned subsidiary of the Company, with a maximum balance of RMB670,000,000 in the form of joint and several liability guarantee for a term of three years.

3. Other material contracts

Applicable Not Applicable

SECTION VI SIGNIFICANT MATTERS

XII. EXPLANATIONS OF OTHER SIGNIFICANT EVENTS

Applicable Not Applicable

(I) Changes in Scope of Consolidation

The Board meeting of the Company on 23 December 2019 resolved to approve the incorporation of a wholly-owned subsidiary in the Hong Kong Special Administrative Region. In January 2020, the registration procedures of Jiangsu Expressway International (Hong Kong) Company Limited in Hong Kong was completed, and a Certificate of Incorporation and a Business Registration Certificate were issued by the Companies Registry of Hong Kong and the Business Registration Office of the Inland Revenue Department, respectively. In January 2021, the first installment fund of US\$113,000 was available for Jiangsu Expressway International (Hong Kong) Company Limited.

The Board meeting of the Company on 24 December 2020 resolved to approve the incorporation of Jiangsu Yangtze Commerce and Energy Co., Ltd., a wholly-owned subsidiary of the Company. In February 2021, it completed the business registration and obtained the Business License. In April 2021, the Company made capital contribution of RMB100,000,000.

(II) Changes in Significant Accounting Policies

1. Details of and reasons for changes in accounting policies

The requirements of the Accounting Standards for Business Enterprises that take effect in 2021 and are relevant the Group are as follows:

- Accounting Standards for Business Enterprises Interpretation No. 14 (Cai Kuai [2021] No. 1) (“Interpretation No. 14”)
- Circular on Adjustment to the Applicability of the Provisions on Accounting Treatment of COVID-19-Related Rent Concessions (Cai Kuai [2021] No. 9)

1.1 Interpretation No. 14

Interpretation No. 14 became effective as of 26 January 2021 (“Implementation Date”).

(1) *Public-private partnership (“PPP”) projects*

Interpretation No. 14 clarifies the characteristics and conditions of PPP project contracts, and stipulates the specific accounting treatment and disclosure requirements of private investors for PPP project contracts. Meanwhile, the Article 5 “How to account for an enterprise’s engagement in public infrastructure construction projects in the form of BOT” of the Accounting Standards for Business Enterprises Interpretation No. 2 (Cai Kuai [2008] No. 11) was abolished.

SECTION VI SIGNIFICANT MATTERS

XII. EXPLANATIONS OF OTHER SIGNIFICANT EVENTS (Continued)

(II) Changes in Significant Accounting Policies (Continued)

1. Details of and reasons for changes in accounting policies (Continued)

1.1 Interpretation No. 14 (Continued)

(1) *Public-private partnership (“PPP”) projects (Continued)*

The Group has retroactively adjusted its PPP project contracts that became effective before 31 December 2020 but not yet completed up to the Implementation Date and those that took effect between 1 January 2021 and the Implementation Date, and adjusted the opening balance of retained earnings and other related items in the financial statements of 2021 to reflect the cumulative effect, without adjusting the figures of comparative period. The adoption of the interpretation does not have any material impact on the financial position and operating results the Group.

(2) *Interest rate benchmark reform*

Interpretation No. 14 sets out the relevant accounting and disclosure requirements for modifications to financial instruments and lease liabilities resulting from the reform of interest rate benchmarks. The Group has made retrospective adjustments to the business transactions related to the interest rate benchmark reform that occurred before 31 December 2020 and between 1 January 2021 and the Implementation Date, and adjusted the opening balance of retained earnings or other comprehensive income of 2021 to reflect the cumulative effect, without adjusting the figures of comparative financial statements for the previous period. The adoption of the interpretation does not have any material impact on the financial position and operating results the Group.

1.2 **Cai Kuai [2021] No. 9**

The Provisions on Accounting Treatment of COVID-19-Related Rent Concessions (Caikuai [2020] No. 10) provides a simplified method for rental concessions meeting certain conditions and occurring as a direct consequence of the COVID-19 pandemic. Under the requirements of Caikuai [2021] No. 9, the rent concessions under this simplified method apply only to lease payments due on or before 30 June 2022. The Group has adjusted the opening balance of retained earnings and other related items in the financial statements of 2021 to reflect the cumulative effect of Cai Kuai [2021] No. 9, without adjusting the figures of comparative financial statements for the previous period. The application of the above requirements does not have any material impact on the financial position and operating results the Group.

SECTION VI SIGNIFICANT MATTERS

XIII. CORPORATE GOVERNANCE

For the period of six months ended 30 June 2021, other than the following code provisions, the Company has complied with all of the applicable code provisions of the Corporate Governance Code under Appendix 14 to the Hong Kong Listing Rules.

Code provision	Compliance	Corporate governance procedures
A2.7	No	During the Reporting Period, the Board has 13 members, of whom 3 are executive Directors and the rest are non-executive Directors. This ensures adequate independence of the Board and safeguards the decisions of the Board from being prejudiced by the opinions of executive Directors.
A6.7	No	All independent non-executive Directors and other non-executive Directors have attended Board meetings and meetings of various committees regularly and contributed their skills and expertise to the Company's decision-making process. During the Reporting Period, except for Mr. Ma Chung Lai, Lawrence and Mr. Wu Xinhua, being non-executive Directors, and Mr. Zhang Zhuting and Mr. Liu Xiaoxing, being independent non-executive Directors, who were unable to attend the 2020 annual general meeting, due to their business reasons, all independent non-executive Directors and other non-executive Directors have attended the general meetings of the Company.

XIV. MATERIAL CHANGE

Save as disclosed in this report, there has been no material change in respect of (a) the development of business of the Group and its financial position; (b) important events affecting the Group; and (c) the likely future development in the business of the Group and prospects for the year, since the publication of the 2020 annual report of the Company.

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) Changes in shares

1. Changes in Shares

There was no change in the total number of shares and share capital structure of the Company during the Reporting Period.

2. Explanation on the changes in shares

Applicable Not Applicable

3. For changes in shares occurred during the period after the Reporting Period until the disclosure date of the Interim Report, their impact on financial indicators such as earnings per share and net assets per share (if any)

Applicable Not Applicable

4. Other matters which the Company considered necessary to disclose or which were required to be disclosed by securities regulatory authorities

Applicable Not Applicable

(II) Changes in shares subject to selling restrictions

Applicable Not Applicable

II. SHAREHOLDERS

(I) Total number of shareholders:

Total number of ordinary shareholders as of the end of the Reporting Period 27,615

Note: As at the end of June 2021, the Company had 27,204 A-share ordinary shareholders and 411 H Share shareholders, totaling 27,615 shareholders.

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

II. SHAREHOLDERS (CONTINUED)

(II) Table of shareholdings of top ten shareholders and top ten holders of shares in circulation (or holders of shares not subject to any sales restrictions) as at the end of the Reporting Period

Unit: Share

Name of shareholder (full name)	Change during the Reporting Period	Shareholdings of top ten shareholders		Number of shares with sales restrictions held	Pledged, tagged or frozen Status of shares	Type of shareholder
		Number of shares held as at the end of the Reporting Period	Percentage (%)			
Jiangsu Communications Holding Company Limited	-	2,742,578,825	54.44	-	Nil	State-owned legal person
China Merchants Expressway Network & Technology Holdings Co., Ltd.	-	589,059,077	11.69	-	Nil	State-owned legal person
Mitsubishi UFJ Financial Group, Inc.	-244,000	134,852,597	2.68	-	Unknown	Foreign legal person
BlackRock, Inc.	-13,385,534	132,683,158	2.63	-	Unknown	Foreign legal person
JPMorgan Chase & Co.	1,045,099	109,863,146	2.18	-	Unknown	Foreign legal person
Citigroup Inc.	-	73,715,201	1.46	-	Unknown	Foreign legal person
China Merchants Bank-SSE Dividend Trading Open Index Securities Investment Fund	9,178,805	24,375,562	0.48	-	Unknown	Others
China Galaxy Asset Management Co., Ltd.	-	21,410,000	0.42	-	Unknown	State-owned legal person
CPLI Stock Dividend Product (Shou Zi Ying) Entrusted Investment (Yangtze River Pension) (中國太平洋人壽股票紅 利型產品(壽自營)委託投資(長江養老))	-	12,500,000	0.25	-	Unknown	Others
CPLI Stock Active Management Product (Ge Fen Hong) Entrusted Investment (中國太平洋人壽股票主動管理型產品 (個分紅)委託投資)	8,769,961	8,769,961	0.17	-	Unknown	Others

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

II. SHAREHOLDERS (CONTINUED)

(II) Table of shareholdings of top ten shareholders and top ten holders of shares in circulation (or holders of shares not subject to any sales restrictions) as at the end of the Reporting Period (Continued)

Name of shareholder	Shareholding of top ten holders of shares not subject to selling restrictions		
	Number of tradable shares not subject to selling restrictions	Class	Number
Jiangsu Communications Holding Company Limited	2,742,578,825	RMB ordinary shares	2,742,578,825
China Merchants Expressway Network & Technology Holdings Co., Ltd.	589,059,077	RMB ordinary shares	589,059,077
Mitsubishi UFJ Financial Group, Inc.	134,852,597	Overseas listed foreign shares	134,852,597
BlackRock, Inc.	132,683,158	Overseas listed foreign shares	132,683,158
JPMorgan Chase & Co.	109,863,146	Overseas listed foreign shares	109,863,146
Citigroup Inc.	73,715,201	Overseas listed foreign shares	73,715,201
China Merchants Bank-SSE Dividend Trading Open Index Securities Investment Fund	24,375,562	RMB ordinary shares	24,375,562
China Galaxy Asset Management Co., Ltd.	21,410,000	RMB ordinary shares	21,410,000
CPLI Stock Dividend Product (Shou Zi Ying) Entrusted Investment (Yangtze River Pension) (中國太平洋人壽股票紅利型產品(壽自營)委託投資(長江養老))	12,500,000	RMB ordinary shares	12,500,000
CPLI Stock Active Management Product (Ge Fen Hong) Entrusted Investment (中國太平洋人壽股票主動管理型產品(個分紅)委託投資)	8,769,961	RMB ordinary shares	8,769,961

Illustration on the related relationship or acting-in-concert

- (1) The Company is not aware of the existence of related relationship or acting-in-concert arrangement with respect to the above shareholders;
- (2) During the Reporting Period, none of the related parties, strategic investors of the Company and general legal persons became the top ten shareholders of the Company because of placing of new shares; and
- (3) The number of shares of H shareholders is based on the record of the register kept according to the Securities and Futures Ordinance of Hong Kong.

Illustration on the preference shareholders with voting rights restored and the shareholding thereof

Nil

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

II. SHAREHOLDERS (CONTINUED)

(II) Table of shareholdings of top ten shareholders and top ten holders of shares in circulation (or holders of shares not subject to any sales restrictions) as at the end of the Reporting Period (Continued)

Interests and short positions

As at 30 June 2021, the following shareholders (excluding the Directors and chief executives of the Company) had interests or short positions in any shares or underlying shares of the Company that was required to be disclosed by the Company under Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company under Section 336 of the SFO.

Name of shareholder	Capacity	Number of A Shares		Percentage of A Shares (total shares)
		Directly interested	Number of A Shares	
Jiangsu Communications Holding Company Limited	Other	Yes	2,742,578,825 (L)	71.88% (54.44%) (L)
China Merchants Expressway Network & Technology Holdings Co., Ltd. ⁽¹⁾	Other	Yes	589,059,077 (L)	15.44% (11.69%) (L)

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

II. SHAREHOLDERS (CONTINUED)

(II) Table of shareholdings of top ten shareholders and top ten holders of shares in circulation (or holders of shares not subject to any sales restrictions) as at the end of the Reporting Period (Continued)

Interests and short positions (Continued)

Name of shareholder	Capacity	Directly interested	Number of H Shares		Percentage of H Shares (total shares)
			Number of H Shares		
BlackRock, Inc.	Interest of controlled corporation ⁽³⁾	No	132,683,158 (L)	10.86% (2.63%) (L)	
			5,872,000 (S)	0.48% (0.12%) (S)	
Mitsubishi UFJ Financial Group, Inc.	Interest of controlled corporation ⁽²⁾	No	134,852,597 (L)	11.04% (2.68%) (L)	
JPMorgan Chase & Co.	Interest of controlled corporation/ investment manager/custodian – corporation/ approved lending agent ⁽⁴⁾	No	109,863,146 (L)	8.99% (2.18%) (L)	
			1,607,265 (S)	0.13% (0.03%) (S)	
			61,577,688 (P)	5.04% (1.22%) (P)	
Citigroup Inc.	Interest of controlled corporation/ approved lending agent/custodian – corporation ⁽⁵⁾	No	73,715,201 (L)	6.03% (1.46%) (L)	
			655,797 (S)	0.05% (0.01%) (S)	
			72,338,201 (P)	5.92% (1.44%) (P)	

Notes: (L) Long position; (S) Short position; (P) Lending pool

(1) China Merchants Group Limited was deemed to be interested in the Company by virtue of its controlling interest in its subsidiary, China Merchants Expressway.

(2) Mitsubishi UFJ Financial Group, Inc. was deemed to be interested in the Company by virtue of its indirectly wholly-owned subsidiaries.

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

II. SHAREHOLDERS (CONTINUED)

(II) Table of shareholdings of top ten shareholders and top ten holders of shares in circulation (or holders of shares not subject to any sales restrictions) as at the end of the Reporting Period (Continued)

Interests and short positions (Continued)

- (3) BlackRock, Inc. was deemed to be interested in the long position of a total of 132,683,158 H Shares of the Company and in the short position of 5,872,000 H Shares (of which 354,000 H Shares were held through cash settled (off exchange) derivatives) by virtue of its control over a number of corporations, which were indirectly wholly-owned by BlackRock, Inc., except the following:
- (a) BlackRock Holdco 6, LLC was indirectly owned as to 90% by BlackRock, Inc. BlackRock Holdco 6, LLC held interests in the Company through its indirectly wholly-owned subsidiaries as follows:
 - (i) BlackRock Institutional Trust Company, National Association held 19,015,876 (long position) and 5,518,000 H Shares (short position) of the Company.
 - (ii) BlackRock Fund Advisors held 47,110,000 H Shares (long position) of the Company.
 - (b) BR Jersey International Holdings L.P. was indirectly owned as to 86% by BlackRock, Inc. BR Jersey International Holdings L.P. held interests in the Company through its indirectly wholly-owned subsidiaries as follows:
 - (i) BlackRock Japan Co., Ltd. held 2,847,066 H Shares (long position) of the Company.
 - (ii) BlackRock Investment Management (Australia) Limited held 454,000 H Shares (long position) of the Company.
 - (iii) BlackRock Asset Management North Asia Limited held 1,035,491 H Shares (long position) of the Company.
 - (iv) BlackRock (Singapore) Limited held 150,000 H Shares (long position) of the Company.
 - (c) BlackRock Group Limited was indirectly owned as to 90% by BR Jersey International Holdings L.P. (see note 3(b) above). BlackRock Group Limited held interests in the Company through its directly or indirectly wholly-owned subsidiaries as follows:
 - (i) BlackRock (Netherlands) B.V. held 2,908,041 H Shares (long position) of the Company.
 - (ii) BlackRock International Limited held 32,000 H Shares (long position) of the Company.
 - (iii) BlackRock Asset Management Ireland Limited held 11,905,865 H Shares (long position) of the Company.
 - (iv) BLACKROCK (Luxembourg) S.A. held 17,508,000 H Shares (long position) and 34,000 H Shares (short position) of the Company.
 - (v) BlackRock Investment Management (UK) Limited held 6,927,163 H Shares (long position) of the Company.

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

II. SHAREHOLDERS (CONTINUED)

(II) Table of shareholdings of top ten shareholders and top ten holders of shares in circulation (or holders of shares not subject to any sales restrictions) as at the end of the Reporting Period (Continued)

Interests and short positions (Continued)

(vi) BlackRock Fund Managers Limited held 3,854,818 H Shares (long position) of the Company.

(vii) BlackRock Asset Management Schweiz AG held 6,000 H Shares (long position) of the Company.

(d) BlackRock Canada Holdings LP was indirectly owned as to 99.90% by BR Jersey International Holdings L.P. (see note 3(b) above). BlackRock Canada Holdings LP held interests in the Company through its indirectly wholly-owned subsidiary, BlackRock Asset Management Canada Limited which held 1,936,000 H Shares (long position) of the Company.

(4) JPMorgan Chase & Co. was deemed to be interested in the long position of a total of 109,863,146 H Shares of the Company (of which 1,216,000 H Shares were held through cash settled (off exchange) derivatives) and the short position of 1,607,265 H Shares (of which 542,000 H Shares were held through cash settled (off exchange) derivatives). JPMorgan Chase & Co. held interests in the following capacities:

Capacity	Number of shares (long position)	Number of shares (short position)	Number of shares (lending pool)
Interest of controlled corporation	7,586,438	1,607,265	
Investment manager	40,681,000		
Person having a security interest in shares	18,020		
Approved lending agent			61,577,688

(5) Citigroup Inc. was deemed to be interested in the long position of a total 73,715,201 H Shares of the Company (of which 1,026,000 H Shares were held through cash settled (off exchange) derivatives) and the short position of 655,797 H Shares (of which 2,000 H Shares were held through cash settled (off exchange) derivatives). Citigroup Inc. held interests in the following capacities:

Capacity	Number of shares (long position)	Number of shares (short position)	Number of shares (lending pool)
Interest of controlled corporation	1,377,000	655,797	
Approved lending agent			72,338,201

Save as disclosed above, to the best of the Company's knowledge, there was no other person required to be disclosed under the Securities and Futures Ordinance of Hong Kong as at 30 June 2021.

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

II. SHAREHOLDERS (CONTINUED)

(II) Table of shareholdings of top ten shareholders and top ten holders of shares in circulation (or holders of shares not subject to any sales restrictions) as at the end of the Reporting Period (Continued)

Interests and short positions (Continued)

Shareholdings of top ten shareholders subject to selling restrictions and their selling restrictions

Applicable Not Applicable

(III) Strategic investors or general legal persons becoming the top ten shareholders because of the placing of new Shares

Applicable Not Applicable

III. PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Changes in shareholdings held by current or resigned Directors, Supervisors and members of senior management officers during the Reporting Period

Applicable Not Applicable

Other information

Applicable Not Applicable

(II) Equity incentives granted to Directors, Supervisors and senior management officers during the Reporting Period

Applicable Not Applicable

(III) OTHER EXPLANATIONS

Applicable Not Applicable

As at 30 June 2021, the Group (including its non-wholly-owned subsidiaries) had 4,779 staff members in total, comprising 687 managerial and technical staff members and 4,092 manufacturing staff members. During the Reporting Period, total staff remuneration amounted to RMB485,324,000.

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

III. PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

(III) OTHER EXPLANATIONS (Continued)

The Company gave full play to the incentive and restrictive role of the position-based salary system in the first half of 2021. The Company continued to optimize staff remuneration composition, intensified the relationship between performance wages and dose-effect, comprising basic wages to provide reasonable guarantee, performance-based remuneration acting as an incentive for their potential driving force as well as welfare and insurance to secure their livelihood and rights and interests. Based on the principle of “fixing salary based on position, remuneration is gained based on performance”, remuneration and benefits are paid reasonably with reference to the scientific assessment of an employee’s performance at work. In the meantime, the Company makes contributions to “five social insurances and the housing provident fund” for the employees in accordance with law, and provides a number of tailor-made welfare benefits schemes such as supplemental medical treatment and enterprise annuity.

The Company adopted approaches to conduct its training in a more scientific, standardized and effective manner. Priority was given to capability enhancement training for financial function, vocational skills training for hindrance clearance workers, road inspection and maintenance and management training, audit capability enhancement training, job-specific training for electromechanical operation and maintenance staff and documents writing training. Such trainings contributed to the further capability improvement of members of the three staff teams performing managerial, various specialized and technical functions, achieving the goal of building high-calibre staff teams through training empowerment. The training results were reflected in the enhancement of various management standards and innovation capability, which would contribute to the Company’s quality and leap-forward development.

IV. CHANGE OF CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

Applicable Not Applicable

V. DIRECTORS’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, none of the Directors and chief executives of the Company had any interests, long positions or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) that was required to be recorded in the register maintained by the Company pursuant to section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and the Stock Exchange pursuant to the provisions under the Model Code for Securities Transactions by the Directors.

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

VI. REPURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Reporting Period, there was no repurchase, sale or redemption of any of its listed securities by the Company and/or any of its subsidiaries; and the Company and its subsidiaries have not issued or grant any convertible securities, options, warrants or other similar rights at any time. The Company has obtained approval from the CSRC on public offer of bonds to professional investors.

VII. PUBLIC FLOAT

According to public information and as far as the Directors know, the Board of Directors is of the view that the public float of the shares of the Company as at 27 August 2021 (being the latest practicable date prior to the publication of this Report) complied with the requirements of the Hong Kong Listing Rules.

VIII. DIVIDEND ARRANGEMENT WAIVED OR AGREED BY THE SHAREHOLDERS

During the Reporting Period, no dividend arrangement was waived by any of the shareholders.

IX. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted a Code of Conduct for Securities Transactions by its Directors on standards no lower than the provisions under the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under Appendix 10 of the Hong Kong Listing Rules. Having made specific enquiries to all the Directors, the Directors have fully complied with the provisions stipulated under the Model Code and the Company's Code of Conduct for Securities Transactions by Directors.

SECTION VIII INFORMATION ON PREFERRED SHARES

Applicable Not Applicable

SECTION IX INFORMATION ON BONDS

I. ENTERPRISE BONDS, CORPORATE BONDS, DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES

Applicable Not Applicable

(I) Enterprise bonds

Applicable Not Applicable

(II) Corporate bonds

Applicable Not Applicable

1. Basic information on corporate bonds

Unit: 100 million Currency: RMB

Name of bond	Abbreviation	Bond code	Date of issuance	Date of value	Maturity date	Outstanding amount	Interest rate (%)	Method of repayment of principal and interest	Trading place	Investor eligibility arrangement (if any)	Trading mechanism	Whether or not subject to delisting risks
Jiangsu Expressway Company Limited 2021 Public Issuance of Corporate Bonds (Phase I)	21 JSE G1	175706.SH	2021/2/1	2021/2/2	2026/2/2	10.00	3.7	One-off principal repayment with annual interest payment	Shanghai Stock Exchange	Target subscribers of the bonds are professional investors	listed and traded on Shanghai Stock Exchange via bidding trading system and integrated electronic platform for fixed-income securities	No

Countermeasures adopted by the Company in response to delisting risk of the bonds

Applicable Not Applicable

Outstanding bonds which are past due

Applicable Not Applicable

Explanations on debts past due

Applicable Not Applicable

SECTION IX INFORMATION ON BONDS

I. ENTERPRISE BONDS, CORPORATE BONDS, DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES (CONTINUED)

(II) Corporate bonds (Continued)

2. Terms of issuer or investor option, trigger and execution of investor protection terms

Applicable Not Applicable

Options for issuer to adjust coupon rate: An issuer is entitled to adjust the coupon rate for the subsequent two years at the end of the third year of the tenure of the bond. In such case, the issuer shall publish an announcement in the information disclosure media designated by the CSRC in relation to whether and to what extent to adjust the coupon rate of the bonds on the twentieth trading day prior to the interest payment date for the third interest accrual year. In the event that the issuer does not exercise its option to adjust the coupon rate of the bonds, the coupon rate of the bonds shall remain unchanged in the subsequent period of the duration.

Option for investor to sell back bonds: An investor is entitled to sell all or part of the bonds he/she/it holds back to the Company at the par value at the interest payment date of the third interest accrual year. The interest payment date of the third interest accrual year is the sell-back payment date. The Company will complete the payment for bonds sell-back in accordance with the relevant rules of Shanghai Stock Exchange and registered institutions.

3. Credit rating result and its modification

Applicable Not Applicable

4. Performance of and change to the guarantee, debt repayment plan and other measures to ensure debt repayment during the Reporting Period and their effects

Applicable Not Applicable

5. Other explanation on the corporate bonds

Applicable Not Applicable

SECTION IX INFORMATION ON BONDS

I. ENTERPRISE BONDS, CORPORATE BONDS, DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES (CONTINUED)

(III) Non-financial enterprise debts financing instruments of the inter-bank bond market

Applicable Not Applicable

1. Basic information on the debts financing instruments of non-financial enterprises

Unit: 100 million Currency: RMB

Name of bond	Abbreviation	Bond code	Date of issuance	Date of value	Maturity date	Outstanding amount	Interest rate (%)	Method for repayment of principal and interest	Trading place	Investor eligibility arrangement (if any)	Trading mechanism	Whether or not subject to delisting risks
2021 Super Short term Bonds Phase I	21 Ninghu Gao SCP001	012100040.IB	2021/1/5	2021/1/6	2021/4/2	10.00	2.40	Repayment of principal and payment of interest upon maturity	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2021 Super Short term Bonds Phase II	21 Ninghu Gao SCP002	012100378.IB	2021/1/25	2021/1/26	2021/5/21	4.30	2.70	Repayment of principal and payment of interest upon maturity	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2021 Super Short term Bonds Phase III	21 Ninghu Gao SCP003	012100582.IB	2021/2/4	2021/2/8	2021/7/9	10.00	3.00	Repayment of principal and payment of interest upon maturity	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2021 Super Short term Bonds Phase V	21 Ninghu Gao SCP005	012100854.IB	2021/3/8	2021/3/9	2021/9/3	6.00	2.76	Repayment of principal and payment of interest upon maturity	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2021 Super Short term Bonds Phase VI	21 Ninghu Gao SCP006	012100886.IB	2021/3/9	2021/3/10	2021/9/3	4.00	2.82	Repayment of principal and payment of interest upon maturity	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No

SECTION IX INFORMATION ON BONDS

I. ENTERPRISE BONDS, CORPORATE BONDS, DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES (CONTINUED)

(III) Non-financial enterprise debts financing instruments of the inter-bank bond market (Continued)

1. Basic information on the debts financing instruments of non-financial enterprises (Continued)

Name of bond	Abbreviation	Bond code	Date of issuance	Date of value	Maturity date	Outstanding amount	Interest rate (%)	Method for repayment of principal and interest	Trading place	Investor eligibility arrangement (if any)	Trading mechanism	Whether or not subject to delisting risks
2021 Super Short term Bonds Phase VII	21 Ninghu GaoSCP007	012101045.IB	2021/3/16	2021/3/18	2021/9/17	10.00	2.82	Repayment of principal and payment of interest upon maturity	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2021 Super Short term Bonds Phase VIII	21 Ninghu GaoSCP008	012101085.IB	2021/3/17	2021/3/19	2021/9/10	5.00	2.82	Repayment of principal and payment of interest upon maturity	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2021 Super Short term Bonds Phase IX	21 Ninghu GaoSCP009	012101084.IB	2021/3/17	2021/3/19	2021/9/10	5.00	2.82	Repayment of principal and payment of interest upon maturity	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2021 Super Short term Bonds Phase X	21Ninghu GaoSCP010	012101301.IB	2021/3/30	2021/4/1	2021/9/28	10.00	2.75	Repayment of principal and payment of interest upon maturity	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2021 Super Short term Bonds Phase XI	21Ninghu GaoSCP011	012101415.IB	2021/4/9	2021/4/12	2022/1/7	5.00	2.89	Repayment of principal and payment of interest upon maturity	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2021 Super Short term Bonds Phase XII	21 Ninghu GaoSCP012	012101451.IB	2021/4/13	2021/4/14	2021/8/13	5.00	2.73	Repayment of principal and payment of interest upon maturity	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No

SECTION IX INFORMATION ON BONDS

I. ENTERPRISE BONDS, CORPORATE BONDS, DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES (CONTINUED)

(III) Non-financial enterprise debts financing instruments of the inter-bank bond market (Continued)

1. Basic information on the debts financing instruments of non-financial enterprises (Continued)

Name of bond	Abbreviation	Bond code	Date of issuance	Date of value	Maturity date	Outstanding amount	Interest rate (%)	Method for repayment of principal and interest	Trading place	Investor eligibility arrangement (if any)	Trading mechanism	Whether or not subject to delisting risks
2021 Super Short term Bonds Phase XIII	21 Ninghu GaoSCP013	012101581.IB	2021/4/20	2021/4/21	2021/8/20	3.00	2.45	Repayment of principal and payment of interest upon maturity	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2021 Super Short term Bonds Phase XIV	21 Ninghu GaoSCP014	012101580.IB	2021/4/20	2021/4/21	2021/8/20	2.00	2.45	Repayment of principal and payment of interest upon maturity	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2021 Super Short term Bonds Phase XV	21 Ninghu GaoSCP015	012101873.IB	2021/5/17	2021/5/18	2021/9/17	4.30	2.45	Repayment of principal and payment of interest upon maturity	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2021 Super Short term Bonds Phase XVI	21 Ninghu GaoSCP016	012102282.IB	2021/6/22	2021/6/23	2021/10/22	1.00	2.45	Repayment of principal and payment of interest upon maturity	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2021 medium-term notes Phase I	21 Ninghu GaoMTN001	102101110.IB	2021/6/15	2021/6/17	2024/6/17	10.00	3.45	One-off principal repayment with annual interest payment	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No

SECTION IX INFORMATION ON BONDS

I. ENTERPRISE BONDS, CORPORATE BONDS, DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES (CONTINUED)

(III) Non-financial enterprise debts financing instruments of the inter-bank bond market (Continued)

1. Basic information on the debts financing instruments of non-financial enterprises (Continued)

Countermeasures adopted by the Company in response to delisting risk of the bonds

Applicable Not Applicable

Outstanding bonds which are also past due

Applicable Not Applicable

Explanations on debts past due

Applicable Not Applicable

2. Terms of issuer or investor option, trigger and execution of investor protection terms

Applicable Not Applicable

3. Credit rating result and its modification

Applicable Not Applicable

4. Performance of and change to the guarantee, debt repayment plan and other measures to ensure debt repayment during the Reporting Period and their effects

Applicable Not Applicable

5. Other explanation on debt financing instrument of non-financial enterprises

Applicable Not Applicable

SECTION IX INFORMATION ON BONDS

I. ENTERPRISE BONDS, CORPORATE BONDS, DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES (CONTINUED)

(IV) Loss in excess of 10% of the year-end net assets of the previous year in the consolidated financial statements of the Company during the Reporting Period

Applicable Not Applicable

(V) Key accounting data and financial indicators

Applicable Not Applicable

Unit: Yuan Currency: RMB

Principal indicators	As at the end of the Reporting Period	As at the end of the previous year	Increase/decrease as at the end of the Reporting Period compared to the end of the previous year (%)	Reasons for changes
Current ratio	0.6565	0.5371	22.23	The increase in the current ratio as compared to that at the beginning of the Reporting Period was mainly due to the significant increase in the short-term wealth management products and financing factoring balance held by the Group and prepaid VAT at the end of the Reporting Period, resulting in the increase in current assets outpacing that of current liabilities.
Quick ratio	0.3000	0.1650	81.82	The increase in quick ratio as compared to that at the beginning of the Reporting Period was mainly due to the decrease in the proportion of inventory and prepayment at the end of the Reporting Period as compared to that at the beginning of the Reporting Period.
Gearing ratio (%)	49.12%	45.91%	Increased by 3.22 percentage points	The increase in the gearing ratio as compared to that at the beginning of the Reporting Period was mainly due to the significant increase in the balance of interest-bearing debts, cash dividends declared but not yet paid and amounts payables for road and bridge projects under construction of the Group at the end of the Reporting Period, resulting in the increase in liabilities outpacing that of assets.

SECTION IX INFORMATION ON BONDS

I. ENTERPRISE BONDS, CORPORATE BONDS, DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES (CONTINUED)

(V) Key accounting data and financial indicators (Continued)

	The Reporting Period (January–June)	Corresponding period of the previous year	Increase/decrease in the Reporting Period as compared to the corresponding period of the previous year (%)	Reasons for changes
Net profit after non-recurring profit and loss	2,389,901,746.70	419,417,173.47	469.81	The Group recorded a significant increase in the total profit year-on-year as a result of the resumption of toll roads and bridges business during the Reporting Period.
Total debt to EBITDA ratio	0.1137	0.0335	239.40	The Group recorded a significant increase in the total profit year-on-year as a result of the resumption of toll roads and bridges business during the Reporting Period.
Interest coverage ratio	8.2690	2.6764	208.96	The Group recorded a significant increase in the total profit year-on-year as a result of the resumption of toll roads and bridges business during the Reporting Period.
Cash interest coverage ratio	8.7618	3.0027	191.79	The Group recorded a significant increase in the net cash flows from operating activities year-on-year as a result of the resumption of toll roads and bridges business during the Reporting Period.
EBITDA interest coverage ratio	8.3543	2.7914	199.29	The Group recorded a significant increase in the total profit year-on-year as a result of the resumption of toll roads and bridges business during the Reporting Period.
Loan repayment rate (%)	100.00	100.00	0.00	
Interest coverage rate (%)	100.00	100.00	0.00	

Note: Net profit after non-recurring profit and loss represents "Net profit attributable to the shareholders of the Company net of non-recurring profit or loss".

II. CONVERTIBLE CORPORATE BONDS

Applicable Not Applicable

CONSOLIDATED BALANCE SHEET

For the Six-month period ended 30 June 2021

Unit: RMB

Item	Note	30 June 2021	31 December 2020	Item	Note	30 June 2021	31 December 2020
Current Assets:				Current Liabilities:			
Cash and bank balances	VI 1	521,590,786.57	386,712,702.84	Short-term borrowings	VI 20	1,614,248,917.01	1,475,103,433.33
Held-for-trading financial assets	VI 2	3,752,697,533.80	1,533,818,523.40	Notes payable	VI 21	24,950,000.00	38,400,000.00
Notes receivable	VI 3	9,660,000.00	10,859,500.00	Accounts payable	VI 22	2,637,305,575.29	1,701,582,093.30
Accounts receivable	VI 4	294,446,531.38	309,072,553.64	Receipts in advance	VI 23	11,178,405.03	8,590,278.75
Prepayments	VI 5	74,183,412.44	21,907,475.29	Contract liabilities	VI 24	971,679,346.06	876,391,923.12
Other receivables	VI 6	114,588,745.18	74,322,733.51	Employee benefits payable	VI 25	2,820,182.40	1,195,916.09
Inventories	VI 7	4,224,559,848.90	4,148,460,044.19	Taxes payable	VI 26	307,195,901.36	260,171,624.98
Other current assets	VI 8	1,279,847,680.31	1,052,050,289.90	Other payables	VI 27	2,600,688,367.59	240,226,212.82
Total Current Assets		10,271,574,538.58	7,537,203,822.77	Non-current liabilities due within one year	VI 28	315,655,575.04	1,103,456,242.14
Non-current Assets:				Other current liabilities	VI 29	7,159,787,333.60	8,327,987,272.56
Investments in other equity instruments	VI 9	6,806,710,952.71	5,471,025,963.66	Total Current Liabilities		15,645,509,603.38	14,033,104,997.09
Other non-current financial assets	VI 10	2,396,998,435.32	2,039,192,599.15	Non-current Liabilities:			
Long-term equity investments	VI 11	7,443,381,722.76	7,130,527,090.60	Long-term borrowings	VI 30	12,734,787,411.50	11,545,381,743.39
Investment properties	VI 12	17,130,485.00	17,581,885.88	Bonds payable	VI 31	3,980,374,664.00	1,984,606,358.58
Fixed assets	VI 13	2,576,837,223.04	2,048,237,771.21	Lease liabilities	VI 32	13,293,616.02	11,835,601.70
Construction in progress	VI 14	1,825,685,499.32	15,280,716,856.65	Deferred income	VI 33	106,854,470.77	112,227,270.52
Intangible assets	VI 15	35,933,250,768.66	21,298,818,056.01	Provisions	VI 34	4,510,612.50	54,115,762.42
Right-of-use assets	VI 16	16,582,837.95	18,893,134.89	Deferred tax liabilities	VI 18	672,876,238.55	305,018,990.45
Long-term prepaid expenses	VI 17	3,414,422.87	4,443,879.42	Total Non-current Liabilities		17,512,697,013.34	14,013,185,727.06
Deferred tax assets	VI 18	191,577,207.43	234,039,544.92	TOTAL LIABILITIES		33,158,206,616.72	28,046,290,724.15
Other non-current assets	VI 19	14,879,760.00	14,879,760.00	Shareholders' Equity:			
Total Non-current Assets		57,226,449,315.06	53,558,356,542.39	Share capital	VI 35	5,037,747,500.00	5,037,747,500.00
TOTAL ASSETS		67,498,023,853.64	61,095,560,365.16	Capital reserve	VI 36	10,502,833,951.29	10,502,833,951.29
				Other comprehensive income	VI 37	1,728,210,036.89	806,954,969.94
				Surplus reserve	VI 38	3,650,405,305.55	3,650,405,305.55
				General risk reserve	VI 39	5,127,002.73	3,487,713.71
				Retained profits	VI 40	8,568,857,762.23	8,208,531,658.34
				Total shareholders' equity attributable to equity holders of the Company		29,493,181,558.69	28,209,961,098.83
				Minority interests		4,846,635,678.23	4,839,308,542.18
				TOTAL SHAREHOLDERS' EQUITY		34,339,817,236.92	33,049,269,641.01
				TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		67,498,023,853.64	61,095,560,365.16

The accompanying notes form part of the financial statements

The financial statements on pages 118 to 268 were signed by the following:

Legal Representative:
Sun Xibin

Person in Charge of the Accounting Body:
Dai Qian

Chief Accountant:
Yao Qunfang

BALANCE SHEET OF THE COMPANY

For the Six-month period ended 30 June 2021

Unit: RMB

Item	Note	30 June 2021	31 December 2020	Item	Note	30 June 2021	31 December 2020
Current Assets:				Current Liabilities:			
Cash and bank balances		75,406,771.74	54,526,689.45	Short-term borrowings		770,670,167.00	560,539,000.00
Held-for-trading financial assets		3,361,007,154.85	1,031,123,797.34	Accounts payable		397,803,619.63	661,812,520.66
Accounts receivable	XIV 1	268,747,286.55	288,644,245.43	Receipts in advance		2,143,941.97	3,143,500.74
Prepayments		49,535,881.15	11,468,119.17	Employee benefits payable		1,805,958.42	1,181,682.48
Other receivables	XIV 2	110,514,402.47	13,216,746.07	Taxes payable		113,868,235.19	35,822,492.97
Inventories		16,989,426.45	14,118,027.57	Other payables		2,518,218,105.69	177,366,543.63
Other current assets		2,962,620,202.98	3,095,033,380.08	Non-current liabilities due within one year		87,452,151.32	1,056,678,132.80
Total Current Assets		6,844,821,126.19	4,508,131,005.11	Other current liabilities		7,083,129,778.00	8,257,078,476.00
Non-current Assets:				Total Current Liabilities		10,975,091,957.22	10,753,622,349.28
Investments in other equity instruments		5,391,004,452.71	4,064,994,063.66	Non-current Liabilities:			
Long-term equity investments	XIV 3	14,295,280,233.35	13,852,095,375.65	Long-term borrowings		1,010,403,646.92	711,316,311.81
Fixed assets		1,305,859,227.08	1,381,425,561.46	Bonds payable		3,980,374,664.00	1,984,606,358.58
Construction in progress		112,046,194.88	102,331,074.66	Deferred income		283,424,805.87	-
Intangible assets		12,968,432,403.77	13,531,506,505.41	Deferred tax liabilities		79,238,117.54	84,610,917.29
Deferred tax assets		-	48,077,791.39	Total Non-current Liabilities		5,353,441,234.33	2,780,533,587.68
Other non-current assets		14,879,760.00	14,879,760.00	TOTAL LIABILITIES		16,328,533,191.55	13,534,155,936.96
Total Non-current Assets		34,087,502,271.79	32,995,310,132.23	Shareholders' Equity:			
TOTAL ASSETS		40,932,323,397.98	37,503,441,137.34	Share capital		5,037,747,500.00	5,037,747,500.00
				Capital reserve		10,372,859,159.62	10,372,859,159.62
				Other comprehensive income		1,090,578,190.99	180,659,449.04
				Surplus reserve		2,518,873,750.00	2,518,873,750.00
				Retained profits		5,583,731,605.82	5,859,145,341.72
				TOTAL SHAREHOLDERS' EQUITY		24,603,790,206.43	23,969,285,200.38
				TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		40,932,323,397.98	37,503,441,137.34

The accompanying notes form part of the financial statements

The financial statements on pages 118 to 268 were signed by the following:

Legal Representative:
Sun Xibin

Person in Charge of the Accounting Body:
Dai Qian

Chief Accountant:
Yao Qunfang

CONSOLIDATED INCOME STATEMENT

For the Six-month period ended 30 June 2021

Unit: RMB

Item	Note	Amount for the current period	Amount for the prior period
I. Total operating income	VI 41	5,061,764,712.00	2,668,351,072.50
Less: Total operating costs	VI 41	2,220,101,069.51	1,859,290,222.19
Taxes and levies	VI 42	63,266,494.98	39,258,353.21
Selling expenses	VI 43	13,038,092.98	8,977,337.47
Administrative expenses	VI 44	73,844,971.95	73,831,410.68
Financial expenses	VI 45	293,958,394.97	256,387,221.40
Including: Interest expenses		296,745,724.02	243,777,161.13
Interest income		6,406,363.96	2,833,886.76
Add: Other income	VI 46	12,115,336.70	9,387,442.24
Investment income	VI 47	712,266,896.33	147,761,973.92
Including: Income from investments in associates and joint ventures		444,133,821.59	(10,411,795.68)
Gains from changes in fair values	VI 48	314,007,325.26	50,461,176.80
Losses from disposal of assets	VI 49	(2,033.85)	–
II. Operating profit		3,435,943,212.05	638,217,120.51
Add: Non-operating income	VI 50	7,809,364.22	29,557,223.53
Less: Non-operating expenses	VI 51	8,115,468.09	9,752,929.55
III. Total profit		3,435,637,108.18	658,021,414.49
Less: Income tax expenses	VI 52	734,392,901.87	173,933,369.86
IV. Net profit		2,701,244,206.31	484,088,044.63
(I) Categorized by the nature of continuing operation:			
1. Net profit from continuing operations		2,701,244,206.31	484,088,044.63
2. Net profit from discontinued operations		–	–
(II) Categorized by ownership:			
1. Net profit attributable to owners of the Company		2,679,329,242.91	485,637,446.44
2. Profit or loss attributable to minority interests		21,914,963.40	(1,549,401.81)

CONSOLIDATED INCOME STATEMENT

For the Six-month period ended 30 June 2021

Item	Note	Amount for the current period	Amount for the prior period
V. Other comprehensive income, net of tax		917,174,691.95	(809,582,328.42)
Other comprehensive income attributable to owners of the Company, net of tax		921,255,066.95	(787,732,578.42)
(I) Other comprehensive income that cannot be reclassified to profit or loss		921,255,066.95	(787,732,578.42)
1. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		(84,589,049.84)	6,045,888.15
2. Changes in fair value of investments in other equity instruments		1,005,844,116.79	(793,778,466.57)
(II) Other comprehensive income that will be reclassified to profit or loss		—	—
Other comprehensive income attributable to minority interests, net of tax		(4,080,375.00)	(21,849,750.00)
VI. Total comprehensive income		3,618,418,898.26	(325,494,283.79)
Total comprehensive income attributable to owners of the Company		3,600,584,309.86	(302,095,131.98)
Total comprehensive income attributable to minority interests		17,834,588.40	(23,399,151.81)
VII. Earnings per share			
(I) Basic earnings per share		0.5319	0.0964
(II) Diluted earnings per share		N/A	N/A

The accompanying notes form part of the financial statements

The financial statements on pages 118 to 268 were signed by the following:

Legal Representative:
Sun Xibin

Person in Charge of the Accounting Body:
Dai Qian

Chief Accountant:
Yao Qunfang

INCOME STATEMENT OF THE COMPANY

For the Six-month period ended 30 June 2021

Unit: RMB

Item	Note	Amount for the current period	Amount for the prior period
I. Operating income	XIV 4	3,925,915,857.26	1,775,522,114.91
Less: Operating costs	XIV 4	1,673,004,739.16	1,124,158,133.09
Taxes and levies		14,105,614.36	7,726,056.87
Administrative expenses		60,599,540.75	56,827,028.35
Financial expenses		173,011,089.88	169,796,077.56
Including: Interest expenses		174,492,531.14	156,421,990.58
Interest income		4,441,604.21	667,955.82
Add: Other income		11,983,292.56	7,447,135.54
Investment income	XIV 5	548,187,264.16	212,845,681.02
Including: Income from investments in associates and joint ventures		314,731,736.26	11,214,219.51
II. Operating profit		2,565,365,429.83	637,307,635.60
Add: Non-operating income		6,610,614.39	28,042,899.71
Less: Non-operating expenses		7,282,616.67	8,219,236.53
III. Total profit		2,564,693,427.55	657,131,298.78
Less: Income tax expenses		522,743,313.45	127,634,392.64
IV. Net profit		2,041,950,114.10	529,496,906.14
(I) Net profit from continuing operations		2,041,950,114.10	529,496,906.14
(II) Net profit from discontinued operations		—	—
V. Other comprehensive income, net of tax		909,918,741.95	(604,170,978.42)
(I) Other comprehensive income that cannot be reclassified into profit or loss		909,918,741.95	(604,170,978.42)
1. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		(84,589,049.84)	6,045,888.15
2. Changes in fair value of investments in other equity instruments		994,507,791.79	(610,216,866.57)
(II) Other comprehensive income that will be reclassified into profit or loss		—	—
VI. Total comprehensive income		2,951,868,856.05	(74,674,072.28)

The accompanying notes form part of the financial statements

The financial statements on pages 118 to 268 were signed by the following:

Legal Representative:
Sun Xibin

Person in Charge of the Accounting Body:
Dai Qian

Chief Accountant:
Yao Qunfang

CONSOLIDATED CASH FLOW STATEMENT

For the Six-month period ended 30 June 2021

Unit: RMB

Item	Note	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		5,386,837,218.09	2,724,400,874.76
Other cash receipts relating to operating activities	VI 54(1)	426,193,697.07	125,996,536.84
Sub-total of cash inflows from operating activities		5,813,030,915.16	2,850,397,411.60
Cash payments for goods purchased and services received		1,391,224,556.13	934,531,215.93
Cash payments to and on behalf of employees		447,586,109.66	414,329,720.82
Payments of various types of taxes		765,528,665.09	348,231,442.18
Other cash payments relating to operating activities	VI 54(2)	609,102,245.35	257,975,882.19
Sub-total of cash outflows from operating activities		3,213,441,576.23	1,955,068,261.12
Net Cash Flow from Operating Activities	VI 55(1)	2,599,589,338.93	895,329,150.48
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		7,094,228,806.88	2,113,389,861.59
Cash receipts from investment income		276,933,577.35	171,131,564.26
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		41,364.43	17,903.54
Sub-total of cash inflows from investing activities		7,371,203,748.66	2,284,539,329.39
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		1,375,575,106.35	2,343,360,064.33
Cash payments to acquire investments		9,352,762,847.82	3,232,375,673.48
Sub-total of cash outflows from investing activities		10,728,337,954.17	5,575,735,737.81
Net Cash Flow from Investing Activities		(3,357,134,205.51)	(3,291,196,408.42)

CONSOLIDATED CASH FLOW STATEMENT

For the Six-month period ended 30 June 2021

Item	Note	Amount for the current period	Amount for the prior period
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		600,000.00	289,710,000.00
Including: cash receipts from capital contributions from minority owners of subsidiaries		600,000.00	289,710,000.00
Cash receipts from borrowings		2,149,150,000.00	2,243,690,000.00
Cash receipts from issue of bonds		10,459,812,500.00	8,110,000,000.00
Sub-total of cash inflows from financing activities		12,609,562,500.00	10,643,400,000.00
Cash repayments of borrowings		11,329,775,862.11	7,983,069,130.59
Cash payments for distribution of dividends or profits or settlement of interest expenses		367,404,739.26	366,506,631.30
Including: payments for distribution of dividends or profits to minority owners of subsidiaries		—	—
Other cash payments relating to financing activities	VI 54(3)	11,961,277.33	18,540,629.97
Sub-total of cash outflows from financing activities		11,709,141,878.70	8,368,116,391.86
Net Cash Flow from Financing Activities		900,420,621.30	2,275,283,608.14
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		—	—
V. Net Increase/(Decrease) in Cash and Cash Equivalents			
	VI 55(1)	142,875,754.72	(120,583,649.80)
Add: Opening balance of Cash and Cash Equivalents	VI 55(2)	350,989,093.35	449,410,135.63
VI. Closing balance of Cash and Cash Equivalents	VI 55(2)	<u>493,864,848.07</u>	<u>328,826,485.83</u>

The accompanying notes form part of the financial statements

The financial statements on pages 118 to 268 were signed by the following:

Legal Representative:
Sun Xibin

Person in Charge of the Accounting Body:
Dai Qian

Chief Accountant:
Yao Qunfang

CASH FLOW STATEMENT OF THE COMPANY

For the Six-month period ended 30 June 2021

Unit: RMB

Item	Note	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		4,135,301,336.75	1,845,349,180.10
Other cash receipts relating to operating activities		36,088,471.89	299,749,044.26
Sub-total of cash inflows from operating activities		4,171,389,808.64	2,145,098,224.36
Cash payments for goods purchased and services received		1,023,322,361.22	618,208,661.70
Cash payments to and on behalf of employees		360,023,866.59	292,475,237.16
Payments of various types of taxes		501,177,412.35	158,875,403.33
Other cash payments relating to operating activities		49,343,348.28	27,008,854.24
Sub-total of cash outflows from operating activities		1,933,866,988.44	1,096,568,156.43
Net Cash Flow from Operating Activities		2,237,522,820.20	1,048,530,067.93
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		6,112,520,972.47	994,067,790.92
Cash receipts from investment income		220,021,574.08	119,099,618.38
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		18,667.00	16,855.00
Other cash receipts relating to investing activities		844,594,328.77	11,000,000.00
Sub-total of cash inflows from investing activities		7,177,155,542.32	1,124,184,264.30
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		54,847,805.34	48,293,691.18
Cash payments to acquire investments		8,702,136,640.85	2,802,072,201.58
Net cash payments for acquisitions of subsidiaries and other business units		—	—
Other cash payments relating to investing activities		2,704,000,000.00	821,000,000.00
Sub-total of cash outflows from investing activities		11,460,984,446.19	3,671,365,892.76
Net Cash Flow from Investing Activities		(4,283,828,903.87)	(2,547,181,628.46)

CASH FLOW STATEMENT OF THE COMPANY

For the Six-month period ended 30 June 2021

Item	Note	Amount for the current period	Amount for the prior period
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		610,000,000.00	850,000,000.00
Cash receipts from issue of bonds		10,459,812,500.00	8,110,000,000.00
Sub-total of cash inflows from financing activities		11,069,812,500.00	8,960,000,000.00
Cash repayments of borrowings		8,870,804,195.11	7,318,861,130.59
Cash payments for distribution of dividends or profits or settlement of interest expenses		121,756,097.31	145,778,116.27
Other cash payments relating to financing activities		10,066,041.62	16,743,753.16
Sub-total of cash outflows from financing activities		9,002,626,334.04	7,481,383,000.02
Net Cash Flow from Financing Activities		2,067,186,165.96	1,478,616,999.98
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		—	—
V. Net Increase/(Decrease) in Cash and Cash Equivalents		20,880,082.29	(20,034,560.55)
Add: Opening balance of Cash and Cash Equivalents		54,526,689.45	72,993,232.97
VI. Closing balance of Cash and Cash Equivalents		75,406,771.74	52,958,672.42

The accompanying notes form part of the financial statements

The financial statements on pages 118 to 268 were signed by the following:

Legal Representative:
Sun Xibin

Person in Charge of the Accounting Body:
Dai Qian

Chief Accountant:
Yao Qunfang

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the Six-month period ended 30 June 2021

Unit: RMB

Item	Amount for the current period												
	Attributable to owners of the Company						Other					Total owners' equity	
	Share capital	Preferred shares	Perpetual debts	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General Risk reserve	Retained profits		Minority interests
I. Closing balance as at 31 December 2020	5,097,747,500.00	-	-	-	10,502,833,351.29	-	806,954,069.94	-	3,850,405,305.55	3,467,713.71	8,208,531,658.34	4,839,306,542.18	33,7049,263,641.01
II. Changes for the period	-	-	-	-	-	-	921,255,066.95	-	-	1,639,289.02	360,326,103.89	7,327,136.05	1,290,547,595.91
(i) Total comprehensive income	-	-	-	-	-	-	921,255,066.95	-	-	-	2,679,329,242.91	17,834,588.40	3,618,418,898.26
(ii) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	-	-	-	-	600,000.00	600,000.00
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-	-	-	-	600,000.00	600,000.00
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	1,639,289.02	(2,319,003,139.02)	(11,107,452.35)	(2,328,471,302.35)
1. Transfer to general risk reserve	-	-	-	-	-	-	-	-	-	1,639,289.02	(1,639,289.02)	-	-
2. Distributions to shareholders	-	-	-	-	-	-	-	-	-	-	(2,317,363,850.00)	(11,107,452.35)	(2,328,471,302.35)
III. Closing balance as at 30 June 2021	5,097,747,500.00	-	-	-	10,502,833,351.29	-	1,728,210,066.89	-	3,850,405,305.55	5,127,002.73	8,868,857,762.23	4,846,635,676.23	34,393,817,236.92

The accompanying notes form part of the financial statements

The financial statements on pages 118 to 268 were signed by the following:

Legal Representative:
Sun Xibin

Person in Charge of the Accounting Body:
Dai Qian

Chief Accountant:
Yao Qunfang

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the Six-month period ended 30 June 2021

Unit: RMB

Item	Amount for the prior period										Total owners' equity		
	Attributable to owners of the Company					Other							
	Share capital	Preferred shares	Perpetual debits	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General Risk reserve	Retained profits	Minority interests	
I. Closing balance as at 31 December 2019	5,037,747,500.00	-	-	-	10,501,913,163.87	-	1,291,746,071.42	-	3,551,167,000.42	141,891.32	8,764,265,960.12	4,105,653,526.34	32,682,837,135.49
II. Changes for the period	-	-	-	-	-	-	(767,732,578.42)	-	-	1,859,240.45	(1,633,585,644.01)	250,871,990.68	(2,368,537,001.30)
(i) Total comprehensive income	-	-	-	-	-	-	(767,732,578.42)	-	-	-	485,637,446.44	(23,399,151,811)	(325,494,263.79)
(ii) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	-	-	-	-	289,710,000.00	289,710,000.00
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-	-	-	-	289,710,000.00	289,710,000.00
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	1,859,240.45	(2,319,223,090.45)	(15,438,867.51)	(2,332,802,717.51)
1. Transfer to general risk reserve	-	-	-	-	-	-	-	-	-	1,859,240.45	(1,859,240.45)	-	-
2. Distributions to shareholders	-	-	-	-	-	-	-	-	-	-	(2,317,363,850.00)	(15,438,867.51)	(2,332,802,717.51)
III. Closing balance at 30 June 2020	5,037,747,500.00	-	-	-	10,501,913,163.87	-	504,015,493.00	-	3,551,167,000.42	2,001,131.77	6,830,660,316.11	4,366,725,509.02	30,314,250,134.19

The accompanying notes form part of the financial statements

The financial statements on pages 118 to 268 were signed by the following:

Legal Representative:
Sun Xibin

Person in Charge of the Accounting Body:
Dai Qian

Chief Accountant:
Yao Qunfang

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

For the Six-month period ended 30 June 2021

Unit: RMB

Item	Amount for the current period										Total owner's equity	
	Share capital	Preferred shares	Perpetual debits	Others	Capital reserve	Treasury shares	Less:	Other comprehensive income	General Risk reserve	Retained profits		
I. Closing balance as at 31 December 2020	5,037,747,500.00	-	-	-	10,372,859,159.62	-	180,659,449.04	-	2,518,873,750.00	-	5,859,445,341.72	23,969,285,200.38
II. Charges for the period	-	-	-	-	-	-	909,918,741.95	-	-	-	(275,413,735.90)	634,505,006.05
(I) Total comprehensive income	-	-	-	-	-	-	909,918,741.95	-	-	-	2,041,350,114.10	2,951,868,856.05
(II) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	(2,317,363,850.00)	(2,317,363,850.00)
1. Distributions to shareholders	-	-	-	-	-	-	-	-	-	-	(2,317,363,850.00)	(2,317,363,850.00)
III. Closing balances at 30 June 2021	5,037,747,500.00	-	-	-	10,372,859,159.62	-	1,090,578,190.99	-	2,518,873,750.00	-	5,583,731,605.82	24,603,790,206.43

The accompanying notes form part of the financial statements

The financial statements on pages 118 to 268 were signed by the following:

Legal Representative:
Sun Xibin

Person in Charge of the Accounting Body:
Dai Qian

Chief Accountant:
Yao Qunfang

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

For the Six-month period ended 30 June 2021

Unit: RMB

Item	Amount for the prior period										Total owners' equity		
	Share capital	Preferred shares	Perpetual debts	Others	Capital reserve	Treasury shares	Less:	Other comprehensive income	Special reserve	Surplus reserve		General Risk reserve	Retained profits
I. Closing balance as at 31 December 2019	5,037,747,500.00	-	-	-	7,401,175,276.67	-	730,095,757.57	-	2,518,873,750.00	-	-	7,388,635,490.28	23,076,527,774.52
II. Changes for the period	-	-	-	-	-	-	(604,170,978.42)	-	-	-	-	(1,787,866,943.86)	(2,392,037,922.28)
(I) Total comprehensive income	-	-	-	-	-	-	(604,170,978.42)	-	-	-	-	529,496,906.14	(74,674,072.28)
(II) Owners invest and capital reducing	-	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	(2,317,363,850.00)	(2,317,363,850.00)
1. Distributions to shareholders	-	-	-	-	-	-	-	-	-	-	-	(2,317,363,850.00)	(2,317,363,850.00)
III. Closing balance as at 30 June 2020	5,037,747,500.00	-	-	-	7,401,175,276.67	-	125,924,779.15	-	2,518,873,750.00	-	-	5,600,768,546.42	20,684,489,852.24

The accompanying notes form part of the financial statements

The financial statements on pages 118 to 268 were signed by the following:

Legal Representative:
Sun Xibin

Person in Charge of the Accounting Body:
Dai Qian

Chief Accountant:
Yao Qunfang

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

I. BASIC INFORMATION ABOUT THE COMPANY

1. General

Jiangsu Expressway Co., Ltd. (the “Company”) is a joint-stock limited company incorporated in Nanjing, Jiangsu province on 1 August 1992, with headquarter located in Nanjing. The principal activities of the Company and its subsidiaries (collectively referred it as the “Group”) mainly include: construction, operation and management of the Jiangsu section of Shanghai-Nanjing Expressway (the “Shanghai-Nanjing Expressway”) and other toll roads in Jiangsu Province PRC, and the provision of passenger transport services and other supporting services along the toll roads.

The Company issued 1,222,000,000 shares on the Stock Exchange of Hong Kong Limited (“H shares”) and 150,000,000 shares on the Shanghai Stock Exchange (“A shares”) with par value of RMB1 in June 1997 and December 2000 respectively. The total number of issued and outstanding shares of the Company as at 30 June 2021 is 5,037,747,500.

The parent company and ultimate shareholder of the Company is Jiangsu Communications Holding Company Limited (“Communications Holding”).

2. Scope of consolidated financial statements

The Company and the consolidated financial are approved by the Board of Directors on 27 August 2021.

Subsidiaries consolidated in the financial statements are listed in Note VIII “Equity in other entities”.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

The Group has adopted the Accounting Standards for Business Enterprises (“ASBE”) issued by the Ministry of Finance (“MOF”) and related rules. The Group has disclosed relevant financial information in accordance with Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting (Revised in 2014). In addition, the Group also disclosed relevant disclosure in accordance with the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Going concern

As at 30 June 2021, the Group had total current liabilities in excess of total current assets of RMB5,373,935,064.80. As at 30 June 2021, the Group has available unutilized bank loan facilities with a time limit over one year of approximately RMB34,044,634,900.00, authorized but not issued super short-term bonds with a time limit over one year of approximately RMB4,270,000,000.00, authorized but not issued medium-term notes registered with the China interbank market dealers association with a time limit over one year of approximately RMB1,000,000,000.00, and authorized but not issued corporate bonds with a time limit over one year of approximately RMB700,000,000.00. The Group’s management believes the facilities above are to provide all necessary financial support to the Group in the foreseeable future so as to maintain the Group’s ability to continue as a going concern, the financial statements have been prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

Basis of accounting and principle of measurement

The Group has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Group adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

Where the historical cost is adopted as the measurement basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds or assets received or the contractual amounts for assuming the present obligation, or, at the amounts of cash or cash equivalents expected to be paid to settle the liabilities in the normal course of business.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using valuation technique. Fair value measurement and disclosure in the financial statements are determined according to the above basis.

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group are principally engaged in toll road operation. The Group determines the specific accounting policies according to the toll road industry characteristics, shown mainly on the provision for credit impairment, depreciation for fixed assets, amortization for toll road operation rights and recognition timing of revenue. Refer to Note III 16 for detail specific accounting policies. For description of significant accounting judgments, estimation and assumption made by management, see Note IV.

1. Statement of compliance with the ASBE

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the Company's and consolidated financial position as of 30 June 2021, changes in equity of the Company and consolidated shareholders and the Company's and consolidated results of operations and cash flows for the six-month period ended 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

2. Accounting period

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

3. Business Cycle

Except for the real estate industry, the Group's business cycle is short, the determining criterion of asset-liability liquidity is 12 months. The real estate industry business cycle is from real estate development to sales realization, generally in more than 12 months, the specific period is determined according to the development conditions of the project, and its criterion of asset-liability liquidity is based on the business cycle.

4. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its subsidiaries operate. Therefore, the Company and its subsidiaries choose RMB as their functional currency. The Group adopts RMB to prepare its financial statements.

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

5.1 Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained profits.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control (Continued)

5.2 Business combinations not involving enterprises under common control and goodwill

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. For business combination not involving enterprises under common control realized through by steps multiple transaction, combination cost is the sum of the consideration paid at the purchase date and the fair value at the purchase date of the equity held by the acquiree prior to the purchase date. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognized as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognizes the remaining difference immediately in profit or loss for the current period.

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control exists when the investor has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes of the above elements of the definition of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control or the party being absorbed under merger by absorption are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period or from the date when they first came under the common control of the ultimate controlling party are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

The effects of all intra-group transactions are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "minority interests" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority interests is presented as "minority interests" in the consolidated income statement below the "net profit" line item.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Preparation of consolidated financial statements (Continued)

When minority shareholders' share of loss of the subsidiary exceeds their share of opening owners' equity of the subsidiary, the excess amount are still allocated against minority interests.

Acquisition of minority interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company's interests and minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against retained profits.

For the stepwise acquisition of equity interest till acquiring control after a few transactions and leading to business combination not involving enterprises under common control, this should be dealt with based on whether this belongs to 'package deal': if it belongs to 'package deal', transactions will be dealt as transactions to acquire control. If it does not belong to 'package deal', transactions to acquire control on acquisition date will be under accounting treatment, the fair value of acquirees' shares held before acquisition date will be revalued, and the difference between fair value and book value will be recognized in profit or loss of the current period; if acquirees' shares held before acquisition date involve in changes of other comprehensive income and other equity of owners under equity method, this will be transferred to income of acquisition date.

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received on disposal and the fair value of any retained interest and (ii) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognized as investment income in the period in which control is lost, and at the same time adjusted against goodwill. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

7. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term (normally due within 3 months since purchase date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. Translation of transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction.

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognized in profit or loss for the period, except that (i) exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalization are capitalized as part of the cost of the qualifying asset during the capitalization period; (ii) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (iii) exchange differences arising from changes in the carrying amounts (other than the amortized cost) of monetary items that are classified as at fair value through comprehensive income are included in other comprehensive income.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognized in profit and loss or as other comprehensive income.

In translating the financial statements of a foreign operation, assets and liabilities of foreign operation are translated to Renminbi at the spot exchange rate at the balance sheet date. Equity items, excluding retained earnings and the translation differences in other comprehensive income, are translated to Renminbi at the spot exchange rates at the transaction dates. Income and expenses of foreign operation are translated to Renminbi at the spot exchange rate at the transaction dates. The resulting translation differences are recognised in other comprehensive income. The translation differences accumulated in other comprehensive income with respect to a foreign operation are transferred to profit or loss in the period when the foreign operation is disposed.

9. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

All regular way purchases or sales of financial assets are recognized for acquired assets and assumed liabilities and derecognized for sold assets on a trade date basis.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognized in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognized amounts. For accounts receivable excluding significant financing components or regardless of financing components of contracts less than one year recognized based on Accounting Standard for Business Enterprises No. 14 – Revenue (“Standards for Revenue”), accounts receivable initially recognized shall be measured at transaction price defined based on the Standards for Revenue on initial recognition.

Effective interest method is the method that is used in the calculation of the amortized cost of a financial asset or a financial liability and in the allocation and recognition of the interest income or interest expense in profit or loss over the relevant year.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the net carrying amount of the financial asset or financial liability. When determining the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability (i.e. repayment in advance, term extension, call options or other similar options etc.), but does not consider future credit losses.

The amortized costs of financial assets or financial liabilities are calculated as the initial recognized amounts of financial assets or financial liabilities less repaid principals, plus or less the cumulative amortization amount generated from amortization of differences between initial recognized amounts and amounts at maturity date, as well as deducting provision for accumulative losses (only for financial assets).

9.1. Classification, recognition and measurement of financial assets

After initial recognition, the Group shall measure a financial asset at amortized cost, fair value through other comprehensive income or fair value through profit or loss.

If the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows, the Group shall classify the financial asset into the financial asset measured at amortized cost. Such financial assets mainly include cash and bank balances, notes receivable and accounts receivable and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

9.1. Classification, recognition and measurement of financial assets (Continued)

If the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, the Group shall classify the financial asset into the financial assets at FVTOCI.

On initial recognition, the Group, based on an individual financial assets, can irrevocably designate non-tradable investments in equity instrument recognized as financial assets at FVTOCI, other than contingent considerations recognized in business combination not involving common control. Such financial assets are presented as investments in other equity instruments.

The Group's purpose of holding the financial assets is for trading if one of the following conditions is satisfied:

- The purpose of acquiring the financial assets is to sell the assets in the near future.
- The relevant financial assets are, on initial recognition, a part of the centrally-managed identifiable financial instrument portfolio, and the objective evidence indicates that short-term profit model exists in the near future.
- It is a derivative that is not designated as a financial guarantee contract and effective as a hedging instrument.

Financial assets at FVTPL include financial assets at FVTPL and those designated as at FVTPL.

- Financial assets that are not qualified to be classified as financial assets at amortized cost or financial assets at FVTCOI are classified as financial assets at FVTPL.
- Upon initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Group will irrevocably designate financial assets at FVTPL.

Financial assets at FVTPL is presented in held-for-trading financial assets. Financial assets due over one year and expected to be held for over one year (or without fixed term) since balance sheet date are presented in other non-current financial assets.

The financial assets held by the Group include financial assets measured at amortized cost, at FVOCI and at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

9.1. Classification, recognition and measurement of financial assets (Continued)

9.1.1. Financial assets classified as at amortized cost

The financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortization is recognized in profit or loss.

For financial assets measured at amortized cost, the Group recognizes interest income using effective interest method. The Group calculates and recognizes interest income through book value of financial assets multiplying effective interest, except for the following circumstances:

- Purchased or originated credit-impaired financial assets. For those financial assets, the Group shall apply the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

9.1.2. Financial assets at FVTPL

Financial assets at FVTPL include financial assets classified as at FVTPL and those designated as at FVTPL.

9.1.3. Financial assets at FVTOCI

For financial assets classified as at FVTOCI, the impairment losses or gains, interest income calculated using effective interest method and exchange gains or losses are included in profit or loss for the period, except for fair value changes which are included in other comprehensive income. The amount included in profit or loss for each period equals to the amount recognized in profit or loss for each period as if the financial assets has been measured at amortized cost. Upon derecognition of the financial assets, the accumulated gains or losses previously included in other comprehensive income are transferred to profit or loss for the period.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

9.2. Impairment of financial assets

The Group shall recognize a loss allowance for expected credit losses on financial assets at amortized cost, a lease receivable and a financial guarantee contract.

The Group makes a loss allowance against amount of expected credit losses during the whole life of all accounts receivable arising from transactions conducted in accordance with Standards for Revenue and lease receivable arising from transactions conducted in accordance with the Accounting Standards for Business Enterprises No. 21 - Lease.

For other financial instrument, other than purchased or originated credit-impaired financial assets, the Group assesses changes in credit risks of the relevant financial asset since initial recognition at each balance sheet date. If the credit loss of the financial instrument has been significantly increased since initial recognition, the Group will make a loss allowance at an amount of expected credit loss during the whole life; if not, the Group will make a loss allowance for the financial instrument at an amount in the future 12-month expected credit losses. Increase in or reversal of credit loss allowance is included in profit or loss as loss/gain on impairment, except for financial assets classified as at fair value through other comprehensive income. The Group recognizes credit loss allowance for financial assets at FVOCI in other comprehensive income and recognizes loss/gain on impairment in profit or loss for the period, without reducing the carrying amount of the financial assets presented in the balance sheet.

The Group has made a loss allowance against amount of expected credit losses during the whole life in the prior accounting period. However, at the balance sheet date, the credit risk on a financial instrument has not increased significantly since initial recognition; the Group will measure the loss allowance for that financial instrument at an amount in the future 12-month expected credit losses. Reversed amount of loss allowance arising from such circumstances shall be included in profit or loss as impairment gains.

9.2.1. Significant increase in credit risk

The Group will make use of reasonable and supportable forward-looking information that is available to determine whether credit risk has increased significantly since initial recognition through comparing the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment shall be considered to be the date of initial recognition for the purposes of applying the impairment requirements.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

9.2. Impairment of financial assets (Continued)

9.2.1. Significant increase in credit risk (Continued)

The Group will take the following factors into consideration when assessing whether credit risk has increased significantly:

- (1) Significant changes in internal price indicators of credit risk as a result of a change in credit risk.
- (2) An actual or expected internal credit rating downgrade for the borrower.
- (3) Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations.
- (4) An actual or expected significant change in the operating results of the borrower.
- (5) A significant adverse change in the regulatory, economic, or technological environment of the borrower.
- (6) Significant changes that are expected to reduce the borrower's economic incentive to make scheduled contractual payments.
- (7) Changes in the Group's credit management approach in relation to the financial instrument.

Regardless of whether the credit risk has increased significantly after the above assessment, when the financial instrument contract payment has been overdue for more than 30 days (inclusive), it indicates that the credit risk of the financial instrument has increased significantly.

The Group may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. If the risk of default on financial instrument is low, the borrower's ability to meet its contractual cash flow obligations in short term is strong, and even if the economic situation and operating environment are adversely changed over a long period of time, it may not necessarily reduce the borrower's performance of its contractual cash obligations. Then the financial instrument is considered to have a lower credit risk.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

9.2. Impairment of financial assets (Continued)

9.2.2. Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- (1) Significant financial difficulty of the issuer or the borrower;
- (2) A breach of contract by the debtor, such as a default or delinquency in interest or principal payments;
- (3) The creditor, for economic or legal reasons relating to the debtor's financial difficulty, granting a concession to the debtor;
- (4) It becoming probable that the debtor will enter bankruptcy or other financial reorganizations

Based on the Group's internal credit risk management, when the internally recommended or externally obtained information indicates that the financial instrument debtor is unable to fully repay the creditor including the Group (regardless of any guarantees obtained by the Group), the Group believes that the default has occurred.

Due to historical experience in cooperation between the Group and the debtor and commitments for overdue payments from the customer, the Group has not constructed that the financial instrument is impaired in case of overdue 90 days (inclusive). The Group is of the opinion that default may incur when the debtor has had the aforementioned observable data.

9.2.3. Recognition of expected credit losses

The Group recognizes the credit loss on lease receivable on an individual basis, and recognizes the credit loss on related financial instruments of accounts receivable with impairment matrix on a collective basis. The Group can group financial instruments on the basis of shared credit risk characteristics. Examples of shared credit risk characteristics may include, but are not limited to, the instrument type; credit risk ratings; date of initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

9.2 Impairment of financial assets (Continued)

9.2.3. Recognition of expected credit losses (Continued)

The Group determines expected credit losses of relevant financial instruments using the following methods:

- For financial assets, a credit loss is the present value of the difference between: (a) The contractual cash flows that are due to the Group under the contract; and (b) the cash flows that the Group expects to receive.
- For lease receivable, a credit loss is the present value of the difference between: (a) The contractual cash flows that are due to the Group under the contract; and (b) the cash flows that the Group expects to receive.
- For a financial guarantee contract, credit loss is the present value of difference between the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.
- For a financial asset that is credit-impaired at the reporting date, but that is not a purchased or originated credit-impaired financial asset, the Group shall measure the expected credit losses as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The factors reflected in methods of measurement of expected credit losses include an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; time value of money; reasonable and supportable information about past events, current conditions and forecasts on future economic status at balance sheet date without unnecessary additional costs or efforts.

9.2.4. Written-off of financial assets

The Group shall directly reduce the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Such write-off constitutes derecognition of relevant financial asset.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

9.3. Transfer of financial assets

The Group shall derecognize a financial asset when: (1) the contractual rights to the cash flows from the financial asset expire, (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, the Group will recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognize an associated liability. Relevant liabilities are measured using the following methods:

- If the transferred financial asset is measured at amortized cost, the carrying amount of relevant liabilities is the carrying amount of continuing involvement in the transferred financial asset less the amortized cost of the rights retained by the Group (if the Group retains rights for the transfer of the financial asset) plus the amortized cost of the obligations undertaken by the Group (if the Group undertakes relevant obligations for the transfer of the financial asset), and the relevant liabilities are not designated as financial liabilities at fair value through profit or loss.
- If the transferred financial asset is measured at fair value, the carrying amount of relevant liabilities is the carrying amount of continuing involvement in the transferred financial asset less the fair value of the rights retained by the Group (if the Group retains rights for the transfer of the financial asset) plus the fair value of the obligations undertaken by the Group (if the Group undertakes relevant obligations for the transfer of the financial asset), and the fair value of the rights and liabilities is measured on a stand-alone basis.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, for financial assets classified as at amortized cost and financial assets at FVTOCI, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and accumulated amount originally recognized in changes in fair value of other comprehensive income is recognized in profit or loss. For the non-tradable equity instrument designated as financial assets at FVTOCI, cumulative gain or loss that has been recognized in other comprehensive income should be removed from other comprehensive income but be recognized in retained profits.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

9.3. Transfer of financial assets (Continued)

For a part of transfer of a financial asset that satisfies the derecognition criteria, the carrying amount of the transferred financial asset is allocated between the part that is derecognized and the part that is continuously involved, based on the respective fair values of those parts on transfer date. The difference between (1) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income; and (2) the carrying amount allocated to the part derecognized on derecognition date; is recognized in profit or loss. If the transferred assets are equity instrument investments not held for trading and designated as at FVTOCI, the accumulated gains or losses previously included in other comprehensive income are transferred to retained profits.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group will continuously recognize the transferred financial asset in its entirety. Considerations received due to transfer of assets should be recognized as a financial liability upon receipts.

9.4. Classification and measurement of financial liabilities and equity instrument

Financial instruments issued by the Group are classified into financial liabilities or equity instruments on the basis of the substance of the contractual arrangements and the economic nature not only its legal form, together with the definition of financial liability and equity instruments on initial recognition.

9.4.1. Classification, recognition and measurement of financial liabilities

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

All financial liabilities held by the Group are other financial liabilities.

9.4.1.1. Other financial liabilities

Other financial liabilities, other than financial liabilities arising from financial assets of which the transfer does not meet the conditions for derecognition or continue to be involved in transferred financial assets, financial guarantee contracts, are classified as financial liabilities subsequently measured at amortized cost, with gain or loss arising from derecognition or amortization recognized in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

9.4. Classification and measurement of financial liabilities and equity instrument (Continued)

9.4.1. Classification, recognition and measurement of financial liabilities (Continued)

9.4.1.1. Other financial liabilities (Continued)

That the Group and its counterparty modify or renegotiate the contract does not result in derecognition of a financial liability subsequently measured at amortized cost but result in changes in contractual cash flows, the Group will recalculate the carrying amount of the financial liability, with relevant gain or loss recognized in profit or loss. The Group will determine carrying amount of the financial liability based on the present value of renegotiated or modified contractual cash flows discounted at the financial liability's original effective interest rate. For all costs or expenses arising from modification or renegotiation of the contract, the Group will adjust the modified carrying amount of the financial liability and make amortization during the remaining term of the modified financial liability.

9.4.1.2. Financial guarantee contracts

A financial guarantee contract is a contract by which the issuer is required to compensate specific amount to the contract holder suffering losses in case the specific debtor fails to settle the debt in accordance with the initial or revised terms of debt instrument when the debt falls due. Financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss are measured at the higher of: (i) amount of loss allowance; and (ii) the amount initially recognized less cumulative amortization recognized in accordance with related terms of Standards for Revenue.

9.4.2. Derecognition of financial liabilities

The Group derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing debtor) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

9.4. Classification and measurement of financial liabilities and equity instrument (Continued)

9.4.3. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The issuance (including refinancing), repurchase, selling or cancellation of these instruments are treated as change in equity. The enterprise should not recognize changes in the fair value of the equity instruments. The related transaction costs are deducted from equity.

The Group recognizes the distribution to holders of the equity instruments as distribution of profits, and dividends paid do not affect total amount of shareholders' equity.

9.5. Offsetting a financial asset and a financial liability

Where the Group has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

10. Inventories

10.1. Categories of inventories

The Group's inventories mainly include spare parts for repairs and maintenance of toll roads infrastructure, petrol for sales and real estate under development etc. Inventories are initially measured at cost. Cost of real estate under development include payments for land acquisition, costs for infrastructure, construction and installation costs, borrowing costs capitalized before project is ready for intended use, and other relevant costs during development. Cost of other inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

10.2. Valuation method of inventories upon delivery

The actual cost of real estate under development is calculated using the specific identification method. Other inventories are calculated using the first-in-first-out method.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Inventories (Continued)

10.3. Basis for determining net realizable value of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realizable value is determined on the basis of clear evidence obtained, and takes into consideration the purposes of holding inventories and effect of post balance sheet events.

For large quantity and low value items of inventories, provision for decline in value is made based on categories of inventories. Provision for decline in value of other inventories is made based on the excess of cost of inventory over its net realizable value on an item-by-item basis.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realizable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

10.4. Inventory count system

The perpetual inventory system is maintained for stock system.

10.5. Amortization method for low value and short-lived consumable items

Low value and short-lived consumable items are amortized using the immediate write-off method.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term equity investments

11.1. Basis for determining joint control and significant influence over investee

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

11.2. Determination of initial investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree at the date of combination in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed is adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained profits. If the consideration of the combination is satisfied by the issue of equity securities, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree in the consolidated financial statements of the ultimate controlling party. The aggregate face value of the shares issued is accounted for as share capital. The difference between the initial investment cost and the aggregate face value of the shares issued is adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained profits.

For a long-term equity investment acquired through business combination not involving enterprises under common control, the initial investment cost of the long-term equity investment is the cost of acquisition at the date of combination.

The intermediary fees incurred by the absorbing party or acquirer such as audit, legal, valuation and consulting fees, etc. and other related administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term equity investments (Continued)

11.2. Determination of initial investment cost (Continued)

The long-term equity investment acquired otherwise than through a business combination is initially measured at its cost. When the entity is able to exercise significant influence or joint control (but not control) over an investee due to additional investment, the cost of long-term equity investments is the sum of the fair value of previously-held equity investments determined in accordance with Accounting Standard for Business Enterprises No. 22 - Financial Instruments: Recognition and Measurement (ASBE No. 22) and the additional investment cost.

11.3. Subsequent measurement and recognition of profit or loss

11.3.1. Long-term equity investment accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

11.3.2. Long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence; a joint venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term equity investments (Continued)

11.3. Subsequent measurement and recognition of profit or loss (Continued)

11.3.2. Long-term equity investment accounted for using the equity method (Continued)

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income made by the investee as investment income and other comprehensive income respectively, and adjust the carrying amount of the long-term equity investment accordingly; The carrying amount of the investment is reduced by the portion of any profit distributions or cash dividends declared by the investee that is distributed to the Group; the share of the changes in owners' equity of the investee other than those arising from net profit or loss, other comprehensive income and profit distribution are recognized in the capital reserve and the carrying amount of the long-term equity investment is adjusted accordingly. The Group recognizes its share of the investee's net profit or loss after making appropriate adjustments based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date. Where the accounting policies and accounting period adopted by the investee are not consistent with those of the Group, the Group shall adjust the financial statements of the investee to conform to its own accounting policies and accounting period, and recognize investment income and other comprehensive income based on the adjusted financial statements. For the Group's transactions with its associates and joint ventures where assets contributed or sold does not constitute a business, unrealized intra-group profits or losses are recognized as investment income or loss to the extent that those attributable to the Group's proportionate share of interest are eliminated. However, unrealized losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated.

The Group discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognized according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognized.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term equity investments (Continued)

11.4. Disposal of long-term equity investments

On disposal of a long-term equity investment, the difference between the proceeds actually received and the carrying amount is recognized in profit or loss for the period. For long-term equity investments accounted for using the equity method, if the remaining interest after disposal is still accounted for using the equity method, other comprehensive income previously recognized for using the equity method is accounted for on the same basis as would have been required if the investee had directly disposed of related assets or liabilities, and transferred to profit or loss for the period on a pro rata basis; owners' equity recognized due to changes in other owners' equity of the investee (other than net profit or loss, other comprehensive income and profit distribution) is transferred to profit or loss for the period on a pro rata basis. For long-term equity investments accounted for using the cost method, if the remaining interest after disposal is still accounted for using the cost method, other comprehensive income previously recognized for using the equity method or in accordance with the standards for the recognition and measurement of financial instruments before obtaining the control over the investee, is accounted for on the same basis as would have been required if the investee had directly disposed of related assets or liabilities, and transferred to profit or loss for the period on a pro rata basis; changes in other owners' equity in the investee's net assets recognized under the equity method (other than net profit or loss, other comprehensive income and profit distribution) is transferred to profit or loss for the period on a pro rata basis.

12. Investment Properties

Investment property is property held to earn rentals or for capital appreciation or both. It includes a building that is leased out.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

The Group uses the cost model for subsequent measurement of investment property, and adopts a depreciation or amortization policy for the investment property which is consistent with that for buildings or land use rights.

An investment property is derecognized upon or when the investment property is permanently withdrawn from use and no economic benefits are expected from the disposal.

When an investment property is sold, transferred, retired or damaged, the Group recognizes the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Fixed assets

13.1. Recognition criteria for fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognized. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

13.2. Depreciation of each category of fixed assets

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation period (years)	Residual value rate (%)	Annual depreciation rate (%)
Buildings	10-30	0	3.33-10
Safety equipment	10	3	9.7
Communication and surveillance equipment	8	3	12.1
Toll and ancillary equipment	8	3	12.1
Machine and equipment	10	3	9.7
Electronic equipment	5	3	19.4
Motor vehicles	8	3	12.1
Furniture and others	5	3	19.4

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Fixed assets (Continued)

13.2. Depreciation of each category of fixed assets (Continued)

13.2.1. Other explanations

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the period.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and accounts for any change as a change in an accounting estimate.

14. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalized before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

15. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. Intangible assets

Intangible assets include land use rights, toll road operation rights and software, etc.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost less net residual value and any accumulated impairment losses is amortized over its estimated useful life using the straight-line method. If the Group has right to charge users of the public service in certain period but the amounts is not determined when relevant infrastructure completed, the Group measures the intangible asset initially at fair value of received or receivable consideration. The right to operate the road is amortized in accordance with the traffic flow method, and the monthly amortization amount is calculated by the ratio of the actual traffic flow of the month to the sum of the actual traffic flow of the month and the estimated future traffic flow. When there is significant difference between actual and estimated traffic volume, the Group will re-evaluate the total traffic volume and calculate the amortization amount. The amortization method, years of useful life and net residual value are as follows:

Category	Amortization method	Useful life (year)	Net residual value (%)
Land use rights	Straight-line method	22–30	0
Toll road operation rights	Traffic volume method	25–35	0
Software	Straight-line method	5	0

For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at the end of the period, and makes adjustments when necessary.

17. Impairment of long-term assets

The Group assesses at each balance sheet date whether there is any indication that the long-term equity investment, investment property measured at cost method, fixed assets, construction in progress and intangible assets with a finite useful life may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable amount of an asset or asset group is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset or asset group.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Impairment of long-term assets (Continued)

If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognized in profit or loss for the period.

Once the impairment loss of such assets is recognized, it is not be reversed in any subsequent period.

18. Long-term prepaid expenses

Long-term prepaid expenses represent expenses incurred that should be borne and amortized over the current and subsequent periods (together of more than one year). Long-term prepaid expenses are amortized over the expected periods in which benefits are derived.

19. Employee benefits

19.1. Accounting method for short-term employee benefits

Actually occurred short-term employee benefits are recognized as liabilities, with a corresponding charge to the profit or loss for the period or in the costs of relevant assets in the accounting period in which employees provide services to the Group. Staff welfare expenses incurred by the Group are recognized in profit or loss for the period or the costs of relevant assets based on the actually occurred amounts when it actually occurred. Non-monetary staff welfare expenses are measured at fair value.

Payment made by the Group of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as union running costs and employee education costs provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognized as relevant liabilities, with a corresponding charge to the profit or loss for the period or the costs of relevant assets in the accounting period in which employees provide services.

19.2. Accounting method for post-employment benefits

Post-employment benefits are all defined contribution plans.

The contribution payable to the defined contribution plan is recognized as liabilities, with a corresponding charge to the profit or loss for the period or in the costs of relevant assets in the accounting period in which employees provide services to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Employee benefits (Continued)

19.3. Accounting method for termination benefits

When the Group provides termination benefits to employees, employee benefit liabilities are recognized for termination benefits, with a corresponding charge to the profit or loss for the period at the earlier of: (1) when the Group cannot unilaterally withdraw the offer of termination benefits because of the termination plan or a curtailment proposal; and (2) when the Group recognizes costs or expenses related to restructuring that involves the payment of termination benefits.

20. Provisions

Accrued liabilities are recognized when obligations relevant to contingencies such as expected defaults are present obligations that the Group shall undertake, fulfilling the obligation is likely to result in the outflow of economic benefits and the amount of the obligations can be reliably measured.

As at the balance sheet date, considering factors that are relevant to contingency such as risks, uncertainties and time value of money, accrued liabilities are measured in accordance with best estimate needed to be paid to fulfill relevant present obligations. If the impact of time value of money is significant, best estimate is then determined by the discounted amount of estimated future cash flow.

21. Contract liabilities

Contract liabilities refer to the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. Contract assets and contract liabilities under a common contract is presented as net amount.

22. Revenue

Revenue of the Group is mainly from the following business:

(1) Toll road income

- Toll road income is the income from operating toll roads, and is recognized in accordance with the amount collected and receivable when a vehicle is passing through.

(2) Ancillary service income

Ancillary service income is mainly from petroleum products, and is recognized when refueling services are provided and the amount can be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Revenue (Continued)

(3) Income from real estate development

As specified in the contract, income from real estate development is recognized after the related property procedures are completed and transferred to the customer.

The Group shall recognize revenue based on transaction price allocated to the performance obligation when the Group satisfies a performance obligation in the contract, namely, when the customer obtains control over relevant goods or services. Performance obligation is a commitment that the Group transfers a distinct good or service to a customer in the contract. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to a customer.

It is a performance obligation satisfied during a period of time if one of the following conditions is met: (i) the customer obtains and consumes economic benefits at the same time of the Group's performance; (ii) the customer is able to control goods or services in progress during the Group's performance; (iii) goods or services generated during the Group's performance have irreplaceable utilization, and the Group is entitled to collect amounts of cumulative performance part which have been done up to now. Otherwise, the Group recognizes revenue at the time points when the customer obtains the ownership of related products or service.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation. The stand-alone selling price is the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group considers all information that is reasonably available to the entity, maximises the use of observable inputs to estimate the stand-alone selling price.

In case of the existence of a significant financing component in the contract, the Group shall determine the transaction price on the assumption that the customer has paid the amount payable by cash when obtaining the control over the goods or services. Differences between transaction price and contract consideration are amortized using effective interest method during the contract life. At contract inception, if the Group expects that the interval between the customer's obtaining the control over the goods or service and payment for the goods or service will not exceed one year, the Group will not consider the significant component in the contract.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Contract cost

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Group recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Other costs of obtaining a contract are expensed when incurred.

If the costs to fulfil a contract with a customer are not within the scope of inventories or other accounting standards, the Group recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

Assets recognised for the incremental costs of obtaining a contract and assets recognised for the costs to fulfil a contract (the "assets related to contract costs") are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognised in profit or loss for the current period.

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

- remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
- the costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

24. Types and accounting treatments of government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognized only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. Types and accounting treatments of government grants (Continued)

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

24.1. Basis of judgment and accounting methods for assets-related government grant

Compensation for the construction of Ningchang Expressway from the Group's government grant is relevant to the construction of Ningchang Expressway. This grant is classified as assets-related government grant.

A government grant related to an asset is recognized as deferred income, and recorded in profit or loss over the useful life of the related asset with the traffic volume method in installment.

24.2. Basis of judgment and accounting methods for income-related government grant

Subsidies for working steadily from the Groups' government grant are used as a compensation for incurred relevant costs. This grant is classified as income-related government grant

For a government grant related to income, if the grant is a compensation for related costs or losses to be incurred in subsequent periods, it is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs or losses are recognized. If the grant is a compensation for related costs or losses already incurred, it is recognized immediately in profit or loss for the period. Government grants that are difficult to tell the nature are wholly classified as income-related government grant.

A government grant related to the Group's daily activities is recorded in other income according to the nature of economic business. A government grant not related to the Group's daily activities is recorded in non-operating income and expenses.

25. Deferred tax assets/deferred tax liabilities

The income tax expenses include current income tax and deferred income tax.

25.1. Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Deferred tax assets/deferred tax liabilities (Continued)

25.2. Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method.

Deferred tax is generally recognized for all temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realized or the liability is settled.

Current and deferred tax expenses or income are recognized in profit or loss for the period, except when they arise from transactions or events that are directly recognized in other comprehensive income or in shareholders' equity, in which case they are recognized in other comprehensive income or in shareholders' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilized. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Deferred tax assets/deferred tax liabilities (Continued)

25.2. Deferred tax assets and deferred tax liabilities (Continued)

The Group recognizes the impact of income tax on the right-of-use assets and related lease liabilities incurred in relevant lease transactions, and does not recognize deferred income tax assets or liabilities for temporary differences related to initial recognition. If lease liabilities are remeasured or lease modifications occur as a result of subsequent amendments to lease transactions, the temporary difference resulting from the remeasurement of the carrying amount of the right-of-use assets and related lease liabilities arising from the relevant lease transactions shall be recognized as deferred tax assets or liabilities at the date of remeasurement of the lease liabilities or lease modifications.

25.3. Offsetting of income taxes

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

26. Leases

A lease is a contract whereby the lessor conveys to the lessee in return for a consideration the right to use an asset for an agreed period of time.

At the inception of the contract, the Group assesses whether the contract is or contains a lease. The Group will not reassess whether the contract is or contains a lease, unless the terms and conditions of the contract are subsequently changed.

26.1. The Group as a lessee

26.1.1. Separation of a lease

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group separates the individual lease component and non-lease component of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Leases (Continued)

26.1. The Group as a lessee (Continued)

26.1.2. Right-of-use assets

Except for short-term leases, the Group recognizes right-of-use assets at the commencement date of the lease. The commencement date of a lease is the date that the underlying asset leased out by the lessor is available for use by the Group. Right-of-use assets are initially measured at cost, which includes the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received (if any);
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, exclusive of the cost incurred for production of inventories.

Right-of-use assets is depreciated by the Group in accordance with relevant regulations on depreciation in Accounting Standard for Business Enterprises No. 4 – Fixed Assets. Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated over the remaining useful life of the leased assets. Otherwise, right-of-use assets are depreciated over the shorter of lease term and the remaining useful life of the leased assets.

The Group determines whether a right-of-use asset is impaired and makes accounting treatments in accordance with relevant regulations in Accounting Standard for Business Enterprises No. 8 – Impairment of Assets.

26.1.3. Lease liabilities

At the commencement date of a lease, except for short-term lease, the Group initially measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease as the discount rate. The Group uses the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Leases (Continued)

26.1. The Group as a lessee (Continued)

26.1.3. Lease liabilities (Continued)

Lease payments refers to payments relating to the right to use leased assets during the lease term which are made by the Group to the lessor, including:

- fixed payments and in substance fixed payments, less any lease incentives receivable (if any);
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option reasonably certain to be exercised by the Group;
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease; and
- amounts expected to be paid under residual value guarantees provided by the Group;

After the commencement date of a lease, the Group calculates interest expenses of lease liabilities for each period of the lease term based on fixed periodic rate and recognizes the expenses in profit or loss or cost of related assets.

After the commencement date of the lease, the Company remeasures the lease liability and adjusts the corresponding right-of-use assets if the lease terms or the evaluation results of purchase options change. If the book value of the right-of-use assets has been reduced to zero, but the lease liability still needs to be further reduced, the Company includes the difference into profit or loss of the current period.

26.1.4. Short-term leases

The Group applies the short-term lease recognition exemption to short-term leases of buildings and motor vehicles. Short-term lease is the lease that has a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized in profit or loss for the current period or costs of relevant assets on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Leases (Continued)

26.1. The Group as a lessee (Continued)

26.1.5. Lease modification

If the lease modified and meets the following conditions at the same time, the Group will account for the lease modification as a separate lease:

- The lease modification expands the scope of the lease by adding one or more rights to use leased assets:
- The increased consideration is equivalent to the separate price of the expanded part of the lease adjusted for the contract.

If the lease modification is not accounted for as a separate lease, on the effective date of the lease modification, the Group reallocates the consideration of the contract, re-determines the lease period, and recalculates the lease liability according to the present value calculated based on the lease payment after the change and the revised discount rate.

If the lease change results in a reduction in the scope of the lease or a shortened lease period, the Group will reduce the book value of the right-of-use assets accordingly, and include the gains or losses related to the lease partially or completely terminated in profit or loss of the current period. If other lease changes cause the remeasurement of lease liabilities, the Group adjusts the book value of the right-of-use assets accordingly.

26.2. The Group as a lessor

26.2.1. Separating components of a lease

For a contract that contains lease and non-lease components, the Group allocates the consideration in the contract in accordance with the regulations related to allocation of transaction price of *Accounting Standards for Business Enterprises No. 14 – Revenue* on the basis of the relative stand-alone price of the lease components and the non-lease components.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Leases (Continued)

26.2. The Group as a lessor (Continued)

26.2.2. Classification of leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

26.2.2.1. The Group as lessor under operating leases

Receipts of lease under operating leases are recognized as rental income on a straight-line basis over the term of the relevant lease. Initial direct costs related to operating leases incurred by the Group are capitalized when incurred, and are recognized in profit or loss for the current period on the same basis as recognition of rental income over the lease term.

The variable receipts of lease received by the Group that are related to operating leases and not included in receipts of lease are recognized in profit or loss for the period when they are incurred.

26.2.3. Lease modification

The Group accounts for a modification to an operation lease as a new lease from the effective date of the modification, considering any receipts in advance or lease receivable relating to the original lease as part of the lease receivable for the new lease.

27. Changes in significant accounting policies

27.1. Description and reasons of changes in accounting policies

The following accounting standards take effect for annual periods beginning on or after 1 January 2021 and are relevant to the Company:

- CAS Bulletin No. 14 (Caikuai [2021] No. 1) (“Bulletin No. 14”)
- Notice of Extending the Applicable Period of ‘Accounting Treatment of COVID-19 Related Rent Concessions’ (Caikuai [2021] No. 9)

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Changes in significant accounting policies (Continued)

27.1. Description and reasons of changes in accounting policies (Continued)

27.1.1. Bulletin No. 14

Bulletin No. 14 takes effect on 26 January 2021 (implementation date).

(1) *“Public-private partnership” (PPP) arrangements*

Bulletin No. 14 clarifies the features and conditions of PPP arrangements, sets out the accounting and disclosure requirements of a private entity in PPP arrangements. Item 5 of CAS Bulletin No. 2 (Caikuai [2008] No. 11) on “How to account for entities participating in public infrastructure construction businesses under build-operate-transfer arrangement” is repealed accordingly.

PPP arrangements which are commenced before 31 December 2020 and not completed on the implementation date and new PPP arrangements occurred during 1 January 2021 to the implementation date are subject to retrospective adjustments. Cumulative effects are adjusted to the opening retained earnings and other relevant line items in the financial statements for the year 2021. Comparative information is not restated. The adoption of Bulletin No. 14 does not have significant effect on the financial position and financial performance of the Group.

(2) *Benchmark interest rate reform*

Bulletin No. 14 introduces the accounting and disclosure requirements for the modification of financial instruments and lease liabilities resulting from the benchmark interest rate reform. Transactions related to the benchmark interest rate reform that occurred before 31 December 2020 and during 1 January 2021 to the implementation date are subject to retrospective adjustments. Cumulative effects are adjusted to the opening retained earnings or other comprehensive income for the year 2021. Comparative information is not restated.

The adoption of Bulletin No. 14 does not have significant effect on the financial position and financial performance of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Changes in significant accounting policies (Continued)

27.1. Description and reasons of changes in accounting policies (Continued)

27.1.2. Caikuai [2021] No. 9

The Accounting Treatment of COVID-19 Related Rent Concessions (Caikuai [2020] No. 10) provides practical expedient under certain conditions for rent concessions occurring as a direct consequence of the COVID-19 pandemic, and combining the requirements of Caikuai [2021] No. 9, such practical expedient is only applicable to any reduction in lease payments due before 30 June 2022. Cumulative effects of adopting [2021] No. 9 are adjusted to the opening retained earnings or other comprehensive income for the year 2021. Comparative information is not restated. The adoption of the above regulations does not have significant effect on the financial position and financial performance of the Group.

IV. CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES

In the application of the Group's accounting policies, which are described in Note III, the Group is required to make judgments, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainty of the operating activities. These judgments, estimates and assumptions are based on historical experiences of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The aforementioned judgments, estimates and assumptions are reviewed regularly on a going concern basis. The effect of a change in accounting estimate is recognized in the period of the change, if the change affects that period only; or recognized in the period of the change and future periods, if the change affects both.

– Key assumptions and uncertainties in accounting estimates

Amortization of toll road operation rights

The toll road operation rights are amortized using traffic volume method, namely, the amortized amount of the toll road operation rights for a month is calculated at a proportion of the actual traffic volume occupying the sum of the actual traffic volume and the estimated remaining future traffic volume at that month.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

IV. CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES (CONTINUED)

– Key assumptions and uncertainties in accounting estimates (Continued)

Amortization of toll road operation rights (Continued)

The Group's management shall estimate the total traffic volume in the remaining operation period in the future. When there is a large difference between the actual traffic volume and the estimated traffic volume, the management will exercise their judgment in the accuracy of the estimated traffic volume of the remaining operation period to determine if a re-estimation is required and adjust the amortization per traffic volume provided for future years.

Estimated impairment of toll road operation rights

Determining whether toll road operation rights are impaired requires an estimation of the recoverable amount.

In measuring the recoverable amount of the toll road operation rights, the Group has looked at the value in use based on the following factors: the current and expected future traffic volume, current and expected future toll fee level, length of operating rights, maintenance costs and discount rate.

In arriving at the recoverable amount of the toll road operation rights, the management exercised their judgment with reference to these Relevant Factors in estimating the recoverable amounts of the toll road operation rights. As a result, the management considered that the recoverable amounts are above their carrying amounts and no impairment was made accordingly.

Deferred tax assets

The benefit of the deferred tax assets may depend on the future taxable profits and the expected tax rate when associated deductible temporary differences is realized. If future taxable profits or actual tax rate is less than expected, the carrying amounts of deferred tax assets will be reduced and the reduction will be reversed to profits or losses in the corresponding period. For the deductible losses that can be carried forward for the year, due to the uncertainty of the amount of taxable income in the future, deferred tax assets is not fully recognized. The detail information for deductible tax losses and deductible temporary differences recognized or not recognized as deferred tax assets of the Group please refer to note VI, 18.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

IV. CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES (CONTINUED)

– Key assumptions and uncertainties in accounting estimates (Continued)

Measurement and valuation procedures of fair value

In estimating the fair value of the Group's financial assets and financial liabilities, the Group adapts the market observable data available to determine the fair value. If there is no input value at level 1, the management assesses the fair value of the financial instrument based on the discounted cash flow or the transaction price of the over-the-counter market. At the end of the reporting period, the management will establish a pricing model based on the historical experience using appropriate valuation technology and input values. If there is a significant change in fair value, the reason for the fluctuation will be reported to the board of directors of the Company. The valuation techniques, input value and key assumptions used in determining the fair value of the Group's financial assets and liabilities are disclosed in Note IX.

Estimated useful life and estimated residual value of fixed assets

The Group determines estimated useful life and residual value of fixed assets. Such estimates are based on the historical experience on actual useful life and residual value of fixed assets with similar nature and function. When the estimated useful life and residual value of fixed assets are less than those previously estimated, the Group will raise the depreciation rate of fixed assets, and dispose of or retire the assets technologically obsolete.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

V. TAXES

Major categories of taxes and tax rates

Category of tax	Basis of tax computation		Tax rate (percentage charges)
Value Added Tax ("VAT")	General taxation method	Other taxable business income other than those determined by using simple taxation method	<i>Note 1</i>
	Simple taxation method	Toll income	3%
		Revenue from catering, troubleshooting, advertisement and other businesses	6%
		Real estate rental income and real estate sales income	5%
City maintenance and construction tax	Actual paid turnover taxes		5%-7%
Educational surtax and surcharge	Actual paid turnover taxes		3%
Local educational surtax and surcharge	Actual paid turnover taxes		2%
Land appreciation tax	Value added of real estate transfer		Progressive rates ranging from 30%-60%
Enterprise income tax (<i>Note 2</i>)	Taxable income		25%/20%

Note 1: According to Document No. 39 issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs in 2019, the Group's applicable tax rate for sales of goods changed from 16% and 10% to 13% and 9% respectively since 1 April 2019. The Document No. 39 also stipulates that, from 1 April 2019 to 31 December 2021, the taxpayers of production and life services are allowed to deduct the taxable amount by adding 10% to the deductible input tax for the current period. The Group's toll revenue of the expressways belongs to modern service and it enjoys the preferential policy for deductible input taxes.

Note 2: According to Document [2019] No. 13 issued by the Ministry of Finance and the State Taxation Administration, from 1 January 2019 to 31 December 2021, for small enterprises with low profits, the first RMB1,000,000.00 of taxable income shall be reduced to 25% for calculation of taxable income and the enterprise income tax is paid at the tax rate of 20%; the portion above RMB1,000,000.00 but not exceeding RMB3,000,000.00 shall be reduced to 50% for calculation of taxable income and the enterprise income tax is paid at the tax rate of 20%.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Unit: RMB

Item	30 June 2021			31 December 2020		
	Foreign currency	Exchange rate	Amount in RMB	Foreign currency	Exchange rate	Amount in RMB
Cash:						
RMB			<u>480,589.04</u>			<u>253,967.19</u>
Bank balances:						
RMB			<u>490,643,814.65</u>			<u>347,099,018.97</u>
USD	11,155.04	6.4601	<u>72,062.67</u>			
HKD	840,196.75	0.8320	<u>699,037.94</u>	840,196.75	0.8416	<u>707,143.19</u>
Other monetary funds:						
RMB			<u>29,695,282.27</u>			<u>38,652,573.49</u>
Total			<u><u>521,590,786.57</u></u>			<u><u>386,712,702.84</u></u>

Other explanations:

Other monetary funds of the Group as of June 30, 2021 are RMB5,104,358.5 for customer mortgage loan margin, RMB21,609,080.00 for pre-sale supervision and RMB1,012,500.00 for note margin (As of December 31, 2020: Customer mortgage loan margin RMB2,486,611.60, pre-sale supervision fund RMB31,796,997.89, note margin RMB1,440,000.00). According to the requirements of some local authorities (such as Nanjing, Suzhou, Jurong, Kunshan etc.) in China, real estate developers need to open supervised bank account when applying for pre-sale permit for new commercial properties. All the advances received from property customers should be transferred to such account which are supervised by regulator and all cash payment from such account should coincide with the construction progress in order to ensure the cash being used for property construction on a priority basis.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Held-for-trading financial assets

Unit: RMB

Item	30 June 2021	31 December 2020
Held-for-trading financial assets	34,877,907.20	34,575,723.08
Including: Fund investment (Note 1)	34,877,907.20	30,249,184.94
Gold investment	–	4,326,538.14
Financial products	3,717,800,000.00	1,499,000,000.00
Shares investment	19,626.60	242,800.32
Total	<u>3,752,697,533.80</u>	<u>1,533,818,523.40</u>

Other explanations:

Note 1: The market price of investments above at the end of the period and related information is originated from public data of net value of related funds.

3. Notes receivable

(1) Disclosure of notes receivable by categories:

Unit: RMB

Category	30 June 2021	31 December 2020
Bank acceptances	<u>9,660,000.00</u>	<u>10,859,500.00</u>

(2) The Group has no pledged notes receivable at the end of the period.

(3) There is no endorsed or discounted notes receivable that is not yet due at the end of the period.

(4) There is no notes receivable transferred to accounts receivable due to the default of the drawers.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

4. Accounts receivable

(1) Disclosure of accounts receivable by aging:

Unit: RMB

Aging	Amount	30 June 2021		Book value
		Proportion (%)	Provision for credit impairment	
Within 1 year	292,367,905.12	99.21	235,047.87	292,132,857.25
More than 1 year but not exceeding 2 years	2,322,654.36	0.79	8,980.23	2,313,674.13
Total	294,690,559.48	100.00	244,028.10	294,446,531.38

(2) Disclosed according to the classification of bad debt provision method:

Unit: RMB

Category	Amount	Proportion (%)	30 June 2021		Book value
			Bad debt provision	Proportion (%)	
Bad debt provision is made on an individual basis	-	-	-	-	-
Bad debt provision is made on a collective basis	294,690,559.48	100.00	244,028.10	100.00	294,446,531.38
Total	294,690,559.48	100.00	244,028.10	100.00	294,446,531.38

Category	Amount	Proportion (%)	31 December 2020		Book value
			Bad debt provision	Proportion (%)	
Bad debt provision is made on an individual basis	-	-	-	-	-
Bad debt provision is made on a collective basis	309,316,581.74	100.00	244,028.10	100.00	309,072,553.64
Total	309,316,581.74	100.00	244,028.10	100.00	309,072,553.64

Note: For details about the credit risk and expected credit losses of accounts receivable for which bad debt provision is made on a collective basis, refer to Note VIII, 1.2.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(3) Provision for credit impairment

Unit: RMB

Provision for credit impairment	Not credit-impaired Lifetime expected credit loss	Credit-impaired Lifetime expected credit loss	Total
At 1 January 2021	244,028.10	–	244,028.10
Provisions	–	–	–
Reversals	–	–	–
Transfer-out upon derecognition of financial assets	–	–	–
At 30 June 2021	<u>244,028.10</u>	<u>–</u>	<u>244,028.10</u>

(4) Top five entities with the largest balances of accounts receivable

Unit: RMB

Name of entity	Amount	Bad debt provision	Proportion of total accounts receivable (%)
Jiangsu Expressway Network Operation and Management Co., Ltd. ("Network Operation Company")	158,784,343.40	–	53.88
Jiaxing Kaitong Investment Co., Ltd.	35,240,585.05	–	11.96
Changzhou Dino Fangmaoshan Business Management Co., Ltd	24,273,460.36	–	8.24
Nanjing Parkson Commercial Management Co., Ltd	19,779,937.08	–	6.71
Jiangsu Yangtze Bridge Co., Ltd. ("Yangtze Bridge Company")	<u>6,621,200.00</u>	<u>–</u>	<u>2.25</u>
Total	<u>244,699,525.89</u>	<u>–</u>	<u>83.04</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(5) Other explanations

Majority toll road and ancillary services income are settled by cash, others are settled by receipts in advance. The accounts receivable mainly represent the receivables due from other toll operation companies by toll network internal income reallocation and financial factoring receivables from financial factoring business.

5. Prepayments

(1) The aging analysis of prepayments is as follows:

Unit: RMB

Aging	30 June 2021		31 December 2020	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	72,898,084.00	98.27	16,548,932.55	75.54
More than 1 year but not exceeding 2 years	-	-	1,431,631.67	6.53
More than 2 years but not exceeding 3 years	45,728.44	0.06	3,614,315.97	16.50
More than 3 years	1,239,600.00	1.67	312,595.10	1.43
Total	<u>74,183,412.44</u>	<u>100.00</u>	<u>21,907,475.29</u>	<u>100.00</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Prepayments (Continued)

(2) Top five balances of prepayments categorized by receivers:

Unit: RMB

Name of entity	Amount	Proportion of the amount to the total prepayments (%)
Shandong Digital Energy Trading Co. Ltd.	21,000,000.00	28.31
Jiangsu Xiandai Road&Bridge Co., Ltd.	18,099,275.56	24.40
Changzhou Wujin District Finance Bureau financial special account	9,713,630.00	13.09
Changshu Kaisi Petrochemical Co., Ltd.	6,000,000.00	8.09
Suzhou Traffic Engineering Group Co. Ltd.	5,929,192.01	7.99
Total	<u>60,742,097.57</u>	<u>81.88</u>

6. Other receivables

Unit: RMB

Item	Note	30 June 2021	31 December 2020
Dividends receivable	(1)	<u>39,180,099.60</u>	4,989,960.00
Others	(2)	<u>75,408,645.58</u>	69,332,773.51
Total		<u>114,588,745.18</u>	<u>74,322,733.51</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

6. Other receivables (Continued)

(1) Dividends receivable

Unit: RMB

Item	30 June 2021	31 December 2020
Jiangsu Kuailu Motor Transport Co., Ltd. ("Kuailu Company")	4,989,960.00	4,989,960.00
Jiangsu Yangtze Bridge Co., Ltd.	34,190,139.60	—
Total	39,180,099.60	4,989,960.00

(2) Others

<1> Disclosure of other receivables by aging:

Unit: RMB

Aging	Amount	30 June 2021		Book value
		Proportion (%)	Provision for credit impairment	
Within 1 year	62,423,638.31	68.34	104,932.16	62,318,706.15
More than 1 year but not exceeding 2 years	9,372,762.24	10.26	15,755.32	9,357,006.92
More than 2 years but not exceeding 3 years	905,481.95	0.99	1,522.09	903,959.86
More than 3 years	18,645,876.08	20.41	15,816,903.43	2,828,972.65
Total	91,347,758.58	100.00	15,939,113.00	75,408,645.58

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

(2) Others (Continued)

<2> Disclosure of other receivables by nature

Unit: RMB

Nature	30 June 2021	31 December 2020
Liquidated damages (<i>note</i>)	26,000,000.00	26,000,000.00
Amounts of investment clearance	15,812,140.02	15,812,140.02
Landlord maintenance funds	15,524,414.55	17,131,289.30
Project funds borrowed in advance	7,803,405.50	11,560,425.90
Petty cash	3,472,988.00	4,860,969.89
Mortgage deposits for housing fund loan	2,100,000.00	2,200,000.00
Others	20,634,810.51	7,707,061.40
Total	<u>91,347,758.58</u>	<u>85,271,886.51</u>

Note: Nanjing Hanwei Real Estate Development co., Ltd. ("Hanwei Company") and Jiangsu Luode Equity Investment Fund Management Co., Ltd. ("Luode Fund Company") signed the entrustment management agreement, in which agreed that Luode Fund Company is responsible for the management and construction of Hanrui Center real estate project. Due to the project engineering construction progress is delayed, Hanwei Company and Luode Fund Company had entered into an agreement whereby Luode Fund Company will pay Hanwei Company any liquidated damages for any delay in the delivery of the project.

<3> Analysis of provision for credit impairment

Unit: RMB

Provision for credit impairment	Stage I	Stage II	Stage III	Total
	12-month expected credit losses	Lifetime expected credit loss (Not credit impaired)	Lifetime expected credit loss (Credit impaired)	
At 1 January 2021	126,972.98	-	15,812,140.02	15,939,113.00
Provisions	-	-	-	-
Reversal	-	-	-	-
At 30 June 2021	<u>126,972.98</u>	<u>-</u>	<u>15,812,140.02</u>	<u>15,939,113.00</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

6. Other receivables (Continued)

(2) Others (Continued)

<4> Top five entities with the largest balances of other receivables:

Unit: RMB

Name of entity	Nature of other receivables	Amount	Aging	Proportion of the amount to total other receivables (%)	Provision for credit impairment
Jiangsu Luode Equity Investment Fund Management Co., Ltd.	Liquidated damages	26,000,000.00	Within 1 year	28.46	-
Jiangsu Yixing Highway Administration Department	Amount of investment clearance	15,812,140.02	Over 3 years	17.31	15,812,140.02
China Construction Eighth Engineering Bureau Co., Ltd.	Project funds borrowed in advance	6,000,000.00	1-2 years	6.57	-
Suzhou Housing Property Guarantee Co., LTD.	Deposit	2,100,000.00	1-3 years	2.30	-
Jiangsu Equity Exchange Co., LTD.	Deposit	1,000,000.00	Within 1 year	1.09	-
Total		<u>50,912,140.02</u>		<u>55.73</u>	<u>15,812,140.02</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories

Categories of inventories

Unit: RMB

Item	30 June 2021			31 December 2020		
	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount
Properties under development	1,169,174,109.05	-	1,169,174,109.05	2,310,956,603.45	-	2,310,956,603.45
Properties for sale	3,038,090,078.10	-	3,038,090,078.10	1,822,750,714.82	-	1,822,750,714.82
Spare parts for repair and maintenance	6,984,027.05	-	6,984,027.05	7,422,500.78	-	7,422,500.78
Petrol	10,311,634.70	-	10,311,634.70	7,330,225.14	-	7,330,225.14
Total	<u>4,224,559,848.90</u>	<u>-</u>	<u>4,224,559,848.90</u>	<u>4,148,460,044.19</u>	<u>-</u>	<u>4,148,460,044.19</u>

Details of properties under development are as follows:

Unit: RMB

Project name	Commencement time	Estimated completion time	Estimated total investment	31 December 2020	30 June 2021
Baohua Hongyan Community A Project	Sep 2018	Note 1	2,455,800,000.00	331,211,992.18	<u>389,293,000.51</u>
Huaqiao Huaqiao Town Core Area Project	Dec 2012	Note 2	3,089,100,000.00	467,083,260.71	<u>559,778,551.13</u>
Suzhou Nanmen Road G25 Project (Note 3)	Dec 2019	Nov 2021	1,146,300,000.00	100,062,705.44	<u>103,593,574.60</u>
Hanrui Center	Oct 2016	Note 4	2,202,654,200.00	1,412,598,645.12	<u>116,508,982.81</u>
Total			<u>8,893,854,200.00</u>	<u>2,310,956,603.45</u>	<u>1,169,174,109.05</u>

Note 1: Baohua Hongyan Community Plot A Project comprises phase 1 and phase 2 of Tongchengshijia project which are expected to be completed in November 2023 and June 2025 respectively.

Note 2: Huaqiao Town Core Area Project includes Huaqiao Town Core Area C5 Yufuhao Project and Huaqiao Town Core Area B18 Project which are expected to be completed in November 2021 and October 2025 respectively.

Note 3: For Suzhou Nanmen Road G25 Project, it is planned to build ten high-rise and small-sized high-rise residential buildings, among which eight buildings at Phase I have been completed, accepted and transferred into properties for sale in January 2018. The remaining two buildings at Phase II were at foundation construction stage at the end of the reporting period.

Note 4: Hanrui Center project is a commercial complex project. The development and construction of the project includes No. 1 office building, No. 2 loft office building and No. 3 hotel apartment building. The project completion filing of No. 2 loft office building and No. 3 hotel apartment building has been completed on November 25, 2020, and the project completion filing of No. 1 building has been completed on June 24, 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (Continued)

Categories of inventories (Continued)

Details of properties for sale are as follows:

Unit: RMB

Project Name	Completion date	31 December 2020	Increase	Decrease	30 June 2021
Suzhou Qingyuan	December 2013	380,484,516.71	-	52,493,834.08	327,990,682.63
Baohua Hongyan Community B1 Tongchengshijia Project	April 2014	82,500,634.50	-	7,272,562.86	75,228,071.64
Baohua Hongyan Community B2 Tongchengshijia Project	November 2016	104,056,261.58	922,749.62	15,581,300.94	89,397,710.26
Huaqiao Urban Core C4 Tongcheng Hongqiao Mansion Project	August 2012	11,573,340.44	-	1,349,690.96	10,223,649.48
Huaqiao Urban Core C7 Pujiang Building Project	June 2014	333,008,810.89	-	29,983,914.07	303,024,896.83
Huaqiao Urban Core B4 Guangmingjiezuo Project	June 2015	38,825,005.38	-	2,322,891.68	36,502,113.70
Huaqiao Urban Core B19 Guangmingxinzuo Project	December 2016	17,602,818.91	-	387,732.79	17,215,086.12
Huaqiao Urban Core C3 Langqiaojiaoyuan	December 2019	146,944,097.90	45,009,849.55	65,273,310.00	126,680,637.45
Suzhou Nanmen Road G25 Project -Phase I	January 2018	104,325,223.93	11,376,232.72	54,648,451.79	61,053,004.86
Hanrui Center No. 1,2,3 building	November 2020, June 2021	603,430,004.64	1,387,344,220.54	-	1,990,774,225.13
Total		1,822,750,714.88	1,444,653,052.43	229,313,689.16	3,038,090,078.10

8. Other current assets

Unit: RMB

Item	30 June 2021	31 December 2020
Enterprise income tax in advance	72,688,895.53	142,346,182.09
Prepaid taxes and levies related to pre-sale of real estate	93,255,907.39	90,108,822.89
Input VAT to be deducted	596,796,074.41	467,442,914.60
Factoring receivable	512,700,273.46	348,771,370.50
Others	4,406,529.52	3,380,999.82
Total	1,279,847,680.31	1,052,050,289.90

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Investments in other equity instruments

(1) Investments in other equity instruments

Unit: RMB

Item	30 June 2021	31 December 2020
Investments in other equity instruments Measured at fair value	<u>6,806,710,952.71</u>	<u>5,471,025,963.66</u>
Total	<u><u>6,806,710,952.71</u></u>	<u><u>5,471,025,963.66</u></u>

(2) Analysis of non-tradable investments in other equity instruments:

Unit: RMB

Item	Dividend income recognized in the current period	Cumulative gain	Reasons for those designated as at FVTOCI
Listed Companies			
Bank of Jiangsu (Note 1)	137,618,000.00	1,181,109,148.00	Non-tradable equity instrument investment
Jiangsu Financial Leasing (Note 2)	<u>70,200,000.00</u>	<u>945,901,543.11</u>	Non-tradable equity instrument investment
Total	<u><u>207,818,000.00</u></u>	<u><u>2,127,010,691.11</u></u>	

Note 1: This represents the ordinary shares of A-share listed company Bank of Jiangsu Co., Ltd. held by the Group. Bank of Jiangsu was listed in 2016, with the measurement of such investment at cost changed to measurement at fair value. The Group designated it as a financial asset measured at fair value through other comprehensive income ("FVTOCI"), and subsequent changes in fair values are included in other comprehensive income.

Note 2: This represents the ordinary shares of A-share listed company Jiangsu Financial Leasing Co., Ltd. held by the Group. Jiangsu Leasing was listed in 2018, the Group designated it as a financial asset measured at fair value through other comprehensive income ("FVTOCI"), and subsequent changes in fair values are included in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

10. Other non-current financial assets

Unit: RMB

Item	30 June 2021	31 December 2020
Other non-current financial assets		
Measured at FVTPL	2,396,998,435.32	2,039,192,599.15
Including: Equity interest investment in partnerships		
Suzhou Industrial Park Guochuang Kaiyuan Phase II Investment Center LLP	1,566,677,699.49	1,223,030,476.20
Nanjing Luode Dening Real Estate Investment LLP	31,952.81	31,952.81
Nanjing Luode Zhongbei Zhiyuan Equity Investment LLP	322,196,645.25	317,317,997.32
Nanjing Luode Huizhi Equity Investment LLP	508,092,137.77	498,812,172.82
Total	<u>2,396,998,435.32</u>	<u>2,039,192,599.15</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Long-term equity investments

Unit: RMB

Investee (Note 1)	1 January 2021	Changes in the current year						30 June 2021	Impairment provision at 30 June 2021
		Increase	Investment income (loss) under the equity method	Adjustment of other comprehensive income	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment losses		
Associates									
Kuailu Company	49,180,096.57	-	(996,000.00)	-	-	-	-	48,184,096.57	-
Jiangsu Yangtze Bridge Co., Ltd. ("Yangtze Bridge Company")	1,753,571,224.80	-	185,602,888.73	(84,589,049.84)	-	(34,190,139.60)	-	1,820,394,904.09	-
Suzhou Expressway Management Co., Ltd.	2,012,898,562.56	-	94,372,303.21	-	-	-	-	2,107,270,865.77	-
Jiangsu Xiexin Ninghu Gas Co., Ltd. ("Xiexin Ninghu Company")	11,326,928.81	-	720,000.00	-	-	-	-	12,046,928.81	-
Suzhou Nanlin Hotel Co., Ltd. ("Nanlin Hotel")	171,411,056.44	-	413,175.04	-	-	-	-	171,824,231.48	-
Jiangsu Yanjiang Expressway Co., Ltd. ("Yanjiang Company")	2,217,952,410.76	-	123,214,652.79	-	-	-	-	2,341,167,063.55	-
Jiangsu Luode Equity Investment Fund Management Co., Ltd. ("Luode Fund Company")	24,005,154.77	-	364,157.89	-	-	-	-	24,369,312.66	-
Xiandai R&B Company	116,192,761.80	-	17,015,706.99	-	-	-	-	133,208,468.79	-
Network Operation Company	46,558,806.41	-	2,421,529.62	-	-	-	-	48,980,335.03	-
Jiangsu Communication Culture and Media Co. Ltd. ("Media Company")	66,509,478.71	-	3,147,099.36	-	-	-	-	69,656,578.07	-
Jiangsu Communications Holding Group Finance Co., Ltd. ("Group Finance Company")	660,920,608.97	-	17,858,328.97	-	-	(12,500,000.00)	-	666,278,937.94	-
Total	7,130,527,090.60	-	444,133,821.60	(84,589,049.84)	-	(46,690,139.60)	-	7,443,381,722.76	-

Note 1: The foregoing companies are all unlisted company registered in PRC.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Investment properties

(1) Investment properties measured at cost

Unit: RMB

Item	Buildings
I. Total original carrying amount	
1. 31 December 2020 and 30 June 2021	25,079,440.37
II. Accumulated amortization	
1. 31 December 2020	7,497,554.49
2. Increase in the current period	451,400.88
(1) Amount accrued or amortized	451,400.88
3. 30 June 2021	7,948,955.37
III. Total book value of investment properties	
1. 30 June 2021	17,130,485.00
2. 31 December 2020	<u>17,581,885.88</u>

(2) Detailed information of investment properties are as follows:

Name	Address	Purpose	Term of lease
Kunshan Huijie office building A, B floor stores and 5 offices	Kunshan People's South Road No. 888	Commercial	Medium-term

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Fixed assets

(1) Fixed assets

Unit: RMB

Item	Buildings	Safety equipment	Communication and surveillance equipment	Toll and ancillary equipment	Machinery and equipment	Electronic equipment	Motor vehicles	Furniture and others	Total
I. Total original carrying amount									
1. 31 December 2020	2,115,942,018.86	972,227,325.25	425,018,206.30	539,373,467.59	602,633,413.34	68,667,653.73	61,341,751.08	46,157,371.69	4,831,361,207.84
2. Increase in the current period	327,402,722.72	151,140,068.70	3,685,732.02	850.49	200,394,384.34	5,282,980.86	1,544,686.32	18,594,012.49	708,045,427.94
(1) Purchase	-	19,372.06	54,220.00	-	25,782,815.58	5,229,616.86	1,544,686.32	18,594,012.49	51,224,723.31
(2) Transferred from construction in progress	327,402,722.72	151,120,686.64	3,631,512.02	850.49	174,611,568.76	53,964.00	-	-	656,820,704.63
(3) Reclassification	-	-	-	-	-	-	-	-	-
3. Decrease in the current period	1,018,375.46	-	32,156,126.07	10,314,429.82	3,996,913.72	314,165.31	983,732.00	13,000.00	48,736,742.38
(1) Disposal or retirement	1,018,375.46	-	5,897,230.30	4,025,987.62	3,996,913.72	314,165.31	983,732.00	13,000.00	16,249,404.41
(2) Reclassification	-	-	-	-	-	-	-	-	-
(3) Others	-	-	26,258,895.77	6,288,442.20	-	-	-	-	32,547,337.97
4. 30 June 2021	2,442,326,366.12	1,123,367,393.95	396,547,812.25	529,059,888.26	799,030,883.96	73,636,469.28	61,902,705.40	64,739,384.18	5,490,609,893.40
II. Accumulated depreciation									
1. 31 December 2020	1,007,763,190.79	806,506,252.89	269,091,062.58	205,795,912.05	362,655,795.43	46,776,808.67	47,281,046.68	37,253,367.54	2,783,123,436.63
2. Increase in the current period	57,817,114.96	11,379,772.80	17,287,501.33	27,322,729.82	22,082,123.47	5,719,343.75	2,160,893.21	2,681,668.14	146,451,147.48
(1) Provision	57,817,114.96	11,379,772.80	17,287,501.33	27,322,729.82	22,082,123.47	5,719,343.75	2,160,893.21	2,681,668.14	146,451,147.48
(2) Reclassification	-	-	-	-	-	-	-	-	-
3. Decrease in the current period	1,018,375.46	-	5,722,715.74	3,914,347.20	3,877,006.31	304,768.85	952,090.19	12,610.00	15,801,913.75
(1) Disposal or retirement	1,018,375.46	-	5,722,715.74	3,914,347.20	3,877,006.31	304,768.85	952,090.19	12,610.00	15,801,913.75
(2) Reclassification	-	-	-	-	-	-	-	-	-
4. 30 June 2021	1,064,561,930.29	817,886,025.69	280,655,848.17	229,204,294.67	380,860,912.59	52,191,383.57	48,489,849.70	39,922,425.68	2,913,772,670.36
III. Provision for impairment									
1. 30 June 2021	-	-	-	-	-	-	-	-	-
2. 31 December 2020	-	-	-	-	-	-	-	-	-
IV. Total net book value of fixed assets									
1. 30 June 2021	1,377,764,435.83	305,481,368.26	115,891,964.08	299,855,593.59	418,169,971.37	21,445,085.71	13,412,855.70	24,815,968.50	2,576,837,223.04
2. 31 December 2020	1,108,178,828.07	165,721,072.36	155,927,143.72	333,577,555.54	239,977,617.91	21,890,845.06	14,060,704.40	8,904,004.15	2,048,237,771.21

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

13. Fixed assets (Continued)

(2) Fixed assets leased out under operating leases

Unit: RMB

Item	30 June 2021	31 December 2020
Buildings	137,472,953.56	122,155,477.99

(3) Fixed assets of which certificates of title have not been obtained

Unit: RMB

Item	Book value	Reasons for not obtained certificates
Shanghai-Nanjing Expressway Lujia toll station	5,331,703.85	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Kunshan toll station	5,105,374.14	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Huaqiao toll station	10,665,070.15	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Xuejia toll station	6,564,084.70	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Suzhou management offices and maintenance center building	29,987,338.34	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Changzhou Luoshuwan buildings	2,764,741.84	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Changzhou toll station and maintenance center building	1,946,293.96	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Changzhou ETC customer service branch buildings	679,930.02	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Jingfa Service zone office buildings	36,524,302.65	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway South Network Centre and project management center houses	13,071,252.85	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Buildings in Wuxi management areas and Xidong toll station	36,390,400.18	Incorporated into communication facilities and cannot obtain certification at present

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Fixed assets (Continued)

(3) Fixed assets of which certificates of title have not been obtained (Continued)

Item	Book value	Reasons for not obtained certificates
Shanghai-Nanjing Expressway Wuxi airport toll station	5,233,416.74	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Heyang toll station	5,933,983.37	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Zhenjiang toll station	7,041,766.46	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Danyang toll station	714,379.38	Incorporated into communication facilities and cannot obtain certification at present
Zhenli Expressway Shanghai toll station-buildings	2,690,946.21	Incorporated into communication facilities and cannot obtain certification at present
Zhenli Expressway Rongbing toll station-buildings	5,198,691.75	Incorporated into communication facilities and cannot obtain certification at present
Ningchang roll administration office houses	36,039,891.89	Incorporated into communication facilities and cannot obtain certification at present
Guangjing & Xicheng Expressway service area housing	26,198,732.95	Incorporated into communication facilities and cannot obtain certification at present
Xiyi Expressway toll management and service area housing	18,473,352.60	Incorporated into communication facilities and cannot obtain certification at present
Ningchang and Zhenli Expressway town high-speed toll administration and service area houses	157,530,646.04	Incorporated into communication facilities and cannot obtain certification at present
Zhendan Expressway toll administration office houses	162,659,758.25	Incorporated into communication facilities and cannot obtain certification at present
Yangzhou Guangling services zone-buildings	184,700,090.11	No processing materials have been obtained
Jiangyi Expressway Gaoqiao toll station-buildings	31,731,569.89	No processing materials have been obtained
Jiangyi Expressway Jiangdu toll station-buildings	4,518,558.26	No processing materials have been obtained
Jiangyi Expressway Touqiao toll station-buildings	4,518,558.26	No processing materials have been obtained
Jiangyi Expressway Zhenjiang New area North toll station-buildings	4,518,558.26	No processing materials have been obtained
Jiangyi Expressway South-buildings	7,763,946.87	No processing materials have been obtained
Total	<u>814,497,339.97</u>	

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

14. Construction in progress

(1) Details of construction in progress

Unit: RMB

Item	30 June 2021			31 December 2020		
	Carrying amount	Provision for impairment losses	Net book value	Carrying amount	Provision for impairment losses	Net book value
Connection Project for Southern and Northern Roads besides Wufengshan Bridge	-	-	-	7,915,003,373.90	-	7,915,003,373.90
Highway Project of Wufengshan Road & Railway Bridge	-	-	-	2,963,336,807.10	-	2,963,336,807.10
Construction Project of Changyi Expressway	-	-	-	-	-	-
Construction Project of Yichang Expressway	-	-	-	2,824,988,830.86	-	2,824,988,830.86
Longtan Yangtze River Bridge Project	1,582,376,068.16	-	1,582,376,068.16	1,338,064,187.44	-	1,338,064,187.44
Housing Project of Toll Stations and Service Zones	57,199,941.15	-	57,199,941.15	60,511,493.69	-	60,511,493.69
Three Big System Construction Project	11,456,476.10	-	11,456,476.10	11,456,476.10	-	11,456,476.10
Construction Project of Acoustic Barrier Information Project	3,078,624.89	-	3,078,624.89	3,078,624.89	-	3,078,624.89
Software Renovation of Provincial Boundary Toll Station	3,332,638.24	-	3,332,638.24	3,332,638.24	-	3,332,638.24
Others	10,183,696.52	-	10,183,696.52	10,077,756.72	-	10,077,756.72
Building Upgrading Project of Wufengshan Service Zones	74,523,993.13	-	74,523,993.13	61,603,260.17	-	61,603,260.17
Building Upgrading Project of Wufengshan Service Zones	80,214,061.13	-	80,214,061.13	89,263,407.54	-	89,263,407.54
Waterscape Design and Construction Project of Wufengshan Bridge Service Zones	2,513,000.00	-	2,513,000.00	-	-	-
Building Lighting Construction Project of Wufengshan Bridge Service Zones	807,000.00	-	807,000.00	-	-	-
Total	1,825,685,499.32	-	1,825,685,499.32	15,280,716,856.65	-	15,280,716,856.65

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress (Continued)

(2) Changes in significant construction in progress

Unit: RMB

Project	Budget amount	31 December 2020	Increase in current year	Transfer to fixed assets	Transfer to intangible assets	30 June 2021	Amount injected as a proportion of budget amount (%)	Construction progress	Amount of accumulated capitalized interest	Including: capitalized interest for the year	Interest capitalization rate for the year (%)	Source of funds
Connection Project for Southern and Northern Roads besides Wufengshan Bridge												Own funds & Loans from financial institutions
Highway Project of Wufengshan Road & Railway Bridge	9,357,863,100.00	7,915,003,373.90	1,176,370,239.61	501,724,819.61	8,589,648,793.90	-	97.15	Completed	456,965,034.65	117,651,506.14	4.16	Own funds & Loans from financial institutions
Highway Bridge Deck Pavement Project of Wufengshan Bridge	2,995,149,100.00	2,929,336,807.10	40,063,487.75	-	2,969,400,294.85	-	99.14	Completed	257,391,666.74	33,576,054.56	4.16	Corporate bonds
Landscape Lighting Project of Wufengshan Bridge	26,000,000.00	26,000,000.00	-	-	26,000,000.00	-	100.00	Completed	496,386.30	496,386.30	3.85	Corporate bonds
Completed Construction Project of Yichang Expressway	8,000,000.00	8,000,000.00	-	-	8,000,000.00	-	100.00	Completed	152,734.25	152,734.25	3.85	Own funds & Loans from financial institutions
Longtan Yangtze River Bridge Project	3,978,702,200.00	2,824,988,830.86	1,153,713,379.14	140,707,818.00	3,837,994,392.00	-	100.00	Completed	95,255,687.51	2,747,376.45	4.16	Own funds & Loans from financial institutions
Housing Project of Toll Stations and Service Zones	6,253,905,000.00	1,338,064,187.44	244,311,880.72	-	-	1,582,376,068.16	25.30	In progress	2,657.78	2,657.78	4.16	Own funds
Software Renovation of Provincial Boundary Toll Station	148,418,995.87	60,511,493.69	-	3,311,532.54	-	57,199,941.15	40.77	In progress	-	-	-	Own funds
Three Big System Construction Project of Acoustic Barrier	130,000,000.00	10,077,756.72	105,939.80	-	-	10,183,695.52	7.83	In progress	-	-	-	Own funds
Information Project	228,034,293.76	11,456,476.10	-	-	-	11,456,476.10	5.02	In progress	-	-	-	Own funds
Building Upgrading Project of Wufengshan Service Zones	48,803,796.49	3,078,624.89	-	-	-	3,078,624.89	6.31	In progress	-	-	-	Own funds
Waterscape Design and Construction Project of Wufengshan Bridge Service Zones	17,142,416.55	3,332,638.24	309,062.80	-	309,062.80	3,332,638.24	19.44	In progress	-	-	-	Own funds
Building Lighting Construction Project of Wufengshan Bridge Service Zones	196,018,300.00	89,263,407.54	(9,049,346.41)	-	-	80,214,061.13	43.12	In progress	-	-	-	Own funds
Others	3,590,000.00	-	2,513,000.00	-	-	2,513,000.00	70.00	In progress	-	-	-	Own funds
Bridge Service Zones	2,690,000.00	-	807,000.00	-	-	807,000.00	30.00	In progress	-	-	-	Own funds
Total	275,249,058.05	61,603,260.17	23,997,247.44	11,076,514.48	-	74,523,993.13	31.10	In progress	-	-	-	Own funds
		15,280,716,856.65	2,633,141,890.85	656,820,704.63	15,431,352,543.55	1,825,685,499.32			810,284,167.23	154,626,715.48		

(3) The Group did not note any indicators of impairment; therefore, there is no provision for impairment losses for construction in progress.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

15. Intangible assets

Unit: RMB

Item	Toll road operation rights (Note)	Land use rights	Software	Total
I. Total original carrying amount				
1. 31 December 2020	34,995,843,837.47	1,744,161,676.21	73,614,688.43	36,813,620,202.11
2. Increase in the current period	15,431,043,480.75	–	359,815.60	15,431,403,296.35
(1) Purchase	–	–	50,752.80	50,752.80
(2) Transferred from construction in progress	15,431,043,480.75	–	309,062.80	15,431,352,543.55
3. Decrease in the current period	5,348,762.21	–	–	5,348,762.21
(1) Disposal	5,348,762.21	–	–	5,348,762.21
4. 30 June 2021	50,421,538,556.01	1,744,161,676.21	73,974,504.03	52,239,674,736.25
II. Accumulated amortization				
1. 31 December 2020	14,107,281,832.72	1,347,818,645.65	59,701,667.73	15,514,802,146.10
2. Increase in the current period	755,414,585.05	32,279,811.32	3,927,425.12	791,621,821.49
(1) Provision	755,414,585.05	32,279,811.32	3,927,425.12	791,621,821.49
3. 30 June 2021	14,862,696,417.77	1,380,098,456.97	63,629,092.85	16,306,423,967.59
III. Total net book value of intangible assets				
30 June 2021	35,558,842,138.24	364,063,219.24	10,345,411.18	35,933,250,768.66
31 December 2020	<u>20,888,562,004.75</u>	<u>396,343,030.56</u>	<u>13,913,020.70</u>	<u>21,298,818,056.01</u>

Note: The Group pledged the toll road operation rights of Guangjing expressway, Yichang expressway, Changyi expressway, Wufengshan Bridge Highway and North-South connection to obtain loans from banks. Please refer to Note VI. 30 for the details.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Right-of-use assets

Unit: RMB

Item	Buildings
I. Total original carrying amount	
1. 31 December 2020	20,913,819.10
2. Increase in the current period	1,767,618.59
3. Decrease in the current period	–
4. 30 June 2021	22,681,437.69
II. Accumulated depreciation	
1. 31 December 2020	2,020,684.21
2. Increase in the current period	4,077,915.53
3. Decrease in the current period	–
4. 30 June 2021	6,098,599.74
III. Total net book value of right-of-use assets	
30 June 2021	16,582,837.95
31 December 2020	18,893,134.89

Other explanations :

The Group leases a number of buildings, including the Suzhou office lease of its subsidiary Ninghu Real Estate (Suzhou) Co., Ltd. (hereinafter referred to as “Real Estate Suzhou”), with a lease term of 60 months. The office lease of the subsidiary Jiangsu Ninghu Investment Development Co., Ltd. (hereinafter referred to as “Ninghu investment Company”) has a lease term of 27 months. The property of the Sales Office of the subsidiary Hanwei Company is leased for 27 months.

17. Long-term prepaid expenses

Unit: RMB

Item	31 December 2020	Increase in the period	Amortization for the period	30 June 2021
Decorations for buildings	4,443,879.42	152,134.81	1,181,591.36	3,414,422.87

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

18. Deferred tax assets/Deferred tax liabilities

(1) Deferred tax assets that are not offset

Unit: RMB

Item	30 June 2021		31 December 2020	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment losses of assets	16,183,141.10	4,045,785.27	16,183,141.10	4,045,785.27
Unrealized profits through internal transactions	366,358,770.07	91,589,692.52	353,439,254.32	88,359,813.58
Changes in fair values for other equity instruments investment	-	-	190,845,841.05	47,711,460.27
The profit of real estate pre-sale approved under the tax law	365,927,258.11	91,481,814.53	346,198,850.39	86,549,712.60
Accrued expenses	20,303,279.48	5,075,819.87	20,303,279.48	5,075,819.87
Provisions	-	-	24,233,951.48	6,058,487.87
Deferred income	69,042,450.02	17,260,612.51	73,274,862.50	18,318,715.63
Total	<u>837,814,898.78</u>	<u>209,453,724.70</u>	<u>1,024,479,180.32</u>	<u>256,119,795.09</u>

Other explanations

According to the Group's future profit forecast, the Group believes that it is probable that sufficient taxable profits will be available in future periods to offset the deductible temporary differences. Therefore, the related deferred tax assets are recognized.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Deferred tax assets/Deferred tax liabilities (Continued)

(2) Deferred tax liabilities that are not offset

Unit: RMB

Item	30 June 2021		31 December 2020	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair values for held-for-trading financial assets	24,878,507.20	6,219,626.80	21,667,310.65	5,416,827.66
Changes in fair values for other equity instruments investment	2,127,010,691.12	531,752,672.78	982,171,543.11	245,542,885.78
Changes in fair values for other non-current financial assets	565,433,172.95	141,358,293.26	254,637,044.24	63,659,261.07
Difference between tax policies and that under accounting policies for service zone lease income	45,360,330.37	11,340,082.59	49,592,742.86	12,398,185.72
Others	328,321.58	82,080.39	328,321.58	82,080.39
Total	<u>2,763,011,023.22</u>	<u>690,752,755.82</u>	<u>1,308,396,962.44</u>	<u>327,099,240.62</u>

(3) Net amount of deferred tax assets or liabilities after offset

Unit: RMB

Item	Closing offset amount of deferred tax assets and deferred tax liabilities	Closing amount of deferred tax assets or liabilities after offset	Opening offset amount of deferred tax assets and deferred tax liabilities	Opening amount of deferred tax assets or liabilities after offset
	Deferred tax liabilities	17,876,517.27	672,876,238.55	22,080,250.17
Deferred tax liabilities	<u>17,876,517.27</u>	<u>672,876,238.55</u>	<u>22,080,250.17</u>	<u>305,018,990.45</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

18. Deferred tax assets/Deferred tax liabilities (Continued)

(4) Detailed information of unrecognized deferred tax assets

Unit: RMB

Item	30 June 2021	31 December 2020
Deductible losses	117,797,971.72	117,797,971.72
Total	117,797,971.72	117,797,971.72

(5) Deductible losses, for which no deferred tax assets are recognized, will expire in the following years

Unit: RMB

Item	30 June 2021	31 December 2020
2023	20,333,192.00	20,333,192.00
2024	44,120,844.72	44,120,844.72
2025	53,343,935.00	53,343,935.00
Total	117,797,971.72	117,797,971.72

19. Other non-current assets

Unit: RMB

Item	30 June 2021	31 December 2020
Apartment procurement for talents	14,879,760.00	14,879,760.00
Total	14,879,760.00	14,879,760.00

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Short-term borrowings

(1) Categories of short-term borrowings:

Unit: RMB

Item	30 June 2021	31 December 2020
Bank loans	823,150,000.00	793,600,000.00
Including: Unsecured loans	410,000,000.00	500,000,000.00
Entrusted loans (Note 1)	413,150,000.00	293,600,000.00
Non-bank financial institution loans	790,000,000.00	680,000,000.00
Including: Unsecured loans (Note 2)	310,000,000.00	150,000,000.00
Entrusted loans (Note 3)	480,000,000.00	530,000,000.00
Interest payable	1,098,917.01	1,503,433.33
Total	1,614,248,917.01	1,475,103,433.33

Note 1: (1) China Merchants Bank Co., LTD. Nanjing Branch provides the loan to Ninghu Factoring Company in June 2020 with a credit line of RMB250 million and a loan of RMB33,380,000.00 from January to June 2021 with an interest rate of 3.50%-3.85% and a term of one year. The current balance is RMB31,380,000.00, and the guarantor is the Company. (2) Industrial Bank Co., LTD. Nanjing Branch provides the loan to Ninghu Factoring Company, the credit line is RMB200 million, the loan is RMB80,000,000.00 from January to June 2021, the loan interest rate is 3.45%-3.8%, the loan term is 1 year, the current balance is RMB200,000,000.00, the guarantor is the Company. (3) The loan provided by the Business Department of Jiangsu Branch of Bank of Communications Co., LTD to Ninghu Factoring Company on June 29, 2021 is RMB18,000,000.00, the loan interest rate is 3.75%, the loan term is one year, and the guarantor is the Company. (4) On March 24, 2021, China Minsheng Banking Co., LTD., Central Road Sub-branch, Nanjing Branch, provided the loan to Ninghu Factoring Company. The loan principal is RMB25,000,000.00, the loan interest rate is 3.75%, the loan term is one year, and the guarantor is the Company. (5) The business Department of Nanjing Branch of Guangdong Development Bank Co., LTD. provided the loan to Ninghu Factoring Company on April 1, 2021. The loan principal is RMB50,000,000.00, the loan interest rate is 3.5%, the loan term is one year, and the guarantor is the Company. (6) The loan provided by Bank of Beijing Nanjing Branch to Ninghu Factoring Company is RMB100 million, RMB101,770,000.00 from January to June 2021, the loan interest rate is 3.5%-3.85%, the loan term is 1 year, and the current balance is RMB88,770,000.00. The guarantor is the Company.

Note 2: The Group Finance Company provides loans to the Group at an interest rate of 3.15% for a period of one year.

Note 3: Entrusted loans are mainly entrusted loans provided by affiliated companies to the Group through the group finance company.

(2) The group has no due and outstanding short-term borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

21. Notes payable

(1) Details of notes payable are as follows

Unit: RMB

Item	30 June 2021	31 December 2020
Bank acceptances	24,950,000.00	38,400,000.00

22. Accounts payable

(1) Details of accounts payable are as follows

Unit: RMB

Item	30 June 2021	31 December 2020
Construction payable	2,186,911,757.36	1,167,508,726.08
Construction payable for real estate project	395,692,338.58	469,850,481.38
Purchase of petroleum payable	–	6,822,003.91
Toll road fee payable	43,149,182.83	4,044,092.84
Others	11,552,296.52	53,356,789.09
Total	2,637,305,575.29	1,701,582,093.30

(2) The aging analysis of accounts payable according to invoice date (close to posting date):

Unit: RMB

Item	30 June 2021	31 December 2020
Within 1 year	2,410,233,766.06	1,312,481,227.00
More than 1 year but not exceeding 2 years	157,728,406.08	295,117,285.28
More than 2 years but not exceeding 3 years	47,428,440.20	61,369,526.86
More than 3 years	21,914,962.95	32,614,054.16
Total	2,637,305,575.29	1,701,582,093.30

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Accounts payable (Continued)

(3) Significant accounts payable aging more than one year in the 30 June 2021:

Unit: RMB

Item	30 June 2021	Reasons for outstanding or not carrying forward
Construction payable for real estate project	95,604,937.90	Long settlement procedure of the real estate project
Construction payable	93,712,573.53	Long settlement procedure of the project
Total	189,317,511.43	

23. Receipts in advance

(1) Receipts in advance are shown as follows:

Unit: RMB

Item	30 June 2021	31 December 2020
Rental deposit received in advance	3,709,864.14	6,937,173.45
Receive highway billboard rental money in advance	4,468,540.89	1,653,105.30
Others	3,000,000.00	–
Total	11,178,405.03	8,590,278.75

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

23. Receipts in advance (Continued)

(1) Receipts in advance are shown as follows: (Continued)

The aging analysis of receipts in advance is as follows:

Unit: RMB

Aging	30 June 2021		31 December 2020	
	RMB	%	RMB	%
Within 1 year	9,157,571.69	81.92	6,022,965.70	70.11
More than 1 year but not exceeding 2 years	2,020,833.34	18.08	2,567,313.05	29.89
Total	11,178,405.03	100.00	8,590,278.75	100.00

24. Contract liabilities

Unit: RMB

Item	30 June 2021	31 December 2020
Sales of property in advance	971,679,346.06	875,844,018.90
Others	—	547,904.22
Total	971,679,346.06	876,391,923.12

Note:

- (1) Qualitative and quantitative analysis on contract liabilities

According to the contract, the income of real estate development can be confirmed until the relevant property procedures have been completed and transferred to the customers. The sales payment is recognized as contract liabilities at the time of the transaction and is converted into income when the relevant property procedures have been completed and transferred to the customer.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Employee benefits payable

(1) Employee benefits payable are shown as follows:

Unit: RMB

Item	31 December 2020	Increase in the current period	Decrease in the current period	30 June 2021
1. Short term compensation	1,195,916.09	405,175,312.71	403,551,046.40	2,820,182.40
2. Post-employment benefits – Defined contribution plan	–	77,375,067.61	77,375,067.61	–
Total	<u>1,195,916.09</u>	<u>482,550,380.32</u>	<u>480,926,114.01</u>	<u>2,820,182.40</u>

(2) Short term compensation

Unit: RMB

Item	31 December 2020	Increase in the current period	Decrease in the current period	30 June 2021
I. Wages or salaries, bonuses, allowances and subsidies	–	293,865,946.51	293,649,602.01	216,344.50
II. Staff welfare	–	2,717,930.00	2,717,930.00	–
III. Social security contributions Including: Medical insurance	–	30,954,434.06	30,954,434.06	–
Work injury insurance	–	27,120,960.67	27,120,960.67	–
Maternity insurance	–	1,515,598.45	1,515,598.45	–
–	–	2,317,874.94	2,317,874.94	–
IV. Housing funds	–	35,997,623.00	35,997,623.00	–
V. Union running costs and employee education costs	1,195,916.09	7,385,178.85	5,977,257.04	2,603,837.90
VI. Non-monetary welfare	–	19,323,482.24	19,323,482.24	–
VII. Others	–	14,930,718.05	14,930,718.05	–
Total	<u>1,195,916.09</u>	<u>405,175,312.71</u>	<u>403,551,046.40</u>	<u>2,820,182.40</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

25. Employee benefits payable (Continued)

(3) Defined contribution plan

Unit: RMB

Item	31 December 2020	Increase in the current period	Decrease in the current period	30 June 2021
1. Basic endowment insurance	–	49,061,436.90	49,061,436.90	–
2. Unemployment insurance	–	1,562,807.71	1,562,807.71	–
3. Enterprise annuity payment	–	26,750,823.00	26,750,823.00	–
Total	–	77,375,067.61	77,375,067.61	–

Note:

(1) Defined contribution plan

The Group participates in the social security plan (pension, unemployment, industrial injury, medical treatment and childbirth) established by government agencies in accordance with national regulations. According to national and local regulations, the Group pays expenses to the social security plan according to the specified proportion of employees' monthly average salary in the previous year. The Group participates in the annuity plan operated and managed by an independent third party and pays 8% of the average monthly salary of the previous year to the banking institution designated by the plan every month. In addition to the above monthly deposit fees, the Group will not undertake further payment obligations. The corresponding expenses shall be included in the current profit and loss or the cost of relevant assets when occurred.

In the current period, the Group should pay RMB49,061,436.90, RMB26,750,823.00 and RMB1,562,807.71 respectively to the pension insurance, annuity and unemployment insurance plan (in the first half of 2020: RMB26,281,107.60, RMB25,202,851.78 and RMB864,550.41). The Group's planned pension, annuity and unemployment insurance contributions as at 30 June 2021 have been fully paid.

(2) Non-monetary welfare

The Group has provided non-monetary benefits for its employees in this period, with the amount of RMB19,323,482.24 (in the first half of 2020: RMB14,462,284.69), which mainly refers to the benefits paid by the Group in non-monetary forms such as outsourced welfare products and holiday comfort products. The calculation is based on the actual cost of purchasing welfare products.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Taxes payable

Unit: RMB

Item	30 June 2021	31 December 2020
Enterprise income tax	126,271,814.13	107,791,581.59
Land appreciation tax	140,839,801.70	105,379,240.53
VAT	31,023,169.42	35,883,850.81
Property tax	1,139,070.87	808,501.91
Individual income tax	2,129,816.92	5,029,126.68
City construction and maintenance tax	1,809,777.01	2,156,687.37
Others	3,982,451.31	3,122,636.09
Total	307,195,901.36	260,171,624.98

27. Other payables

Unit: RMB

Item	Note	30 June 2021	31 December 2020
Dividends payable	(1)	2,420,576,724.06	93,379,246.71
Others	(2)	180,111,643.53	146,846,966.11
Total		2,600,688,367.59	240,226,212.82

(1) Dividends payable

Unit: RMB

Item	30 June 2021	31 December 2020
Ordinary shares dividends	2,420,576,724.06	93,379,246.71
Total	2,420,576,724.06	93,379,246.71

Note: the balance of dividends payable over 1 years is RMB85,865,752.17, which is not yet received by investors.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

27. Other payables (Continued)

(2) Others

① Details of other payables are as follows:

Unit: RMB

Item	30 June 2021	31 December 2020
Payable of daily procurement in service area	8,832,682.48	5,803,735.64
Amount of ETC prepaid cards collected on behalf of the internetwork settlement center	243,785.00	763,840.00
Construction quality warrantee fee payable	20,709,938.35	11,533,600.00
Earnest money of acquisition of properties	39,811,635.07	41,582,187.07
Lease deposit of service zone	54,231,517.60	35,271,000.00
Others	56,282,085.03	51,892,603.40
Total	180,111,643.53	146,846,966.11

② No significant other payables aged more than one year.

28. Non-current liabilities due within one year

Unit: RMB

Item	30 June 2021	31 December 2020
Long-term borrowings due within one year (Note VI 30)	151,910,560.97	1,616,615.88
Bonds payable due within one year (Note VI 31)	—	999,432,232.18
Lease liabilities due within one year	1,467,426.16	4,967,648.97
Interest payable	162,277,587.91	97,439,745.11
Total	315,655,575.04	1,103,456,242.14

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Other current liabilities

Unit: RMB

Item	30 June 2021	31 December 2020
Super & short-term commercial papers	7,083,129,778.00	8,257,078,476.00
Output VAT to be transferred (<i>Note</i>)	76,657,555.60	70,908,796.56
Total	<u>7,159,787,333.60</u>	<u>8,327,987,272.56</u>

Note: Output VAT to be transferred mainly represents output VAT that has been collected together with the house payment in advance during real estate sales and will be transferred upon recognition of real estate sales.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

29. Other current liabilities (Continued)

Changes of short-term bonds payable

Unit: RMB

Name of bond	Par value	Issue date	Duration of the bond (days)	Issue amount	31 December 2020	Issue in the current period	Interest accrued according to par value	Repayment in the current period	30 June 2021
Super short term bonds payable									
20 Ninghu Gao SCP020	730,000,000.00	14 August 2020	168	730,000,000.00	735,305,463.00	-	1,078,537.00	736,384,000.00	-
20 Ninghu Gao SCP022	500,000,000.00	22 October 2020	176	500,000,000.00	501,818,767.00	-	2,689,726.15	504,508,493.15	-
20 Ninghu Gao SCP023	1,000,000,000.00	28 October 2020	177	1,000,000,000.00	1,003,205,479.00	-	5,523,288.12	1,008,728,767.12	-
20 Ninghu Gao SCP024	1,000,000,000.00	29 October 2020	148	1,000,000,000.00	1,003,682,192.00	-	4,832,876.49	1,008,515,068.49	-
20 Ninghu Gao SCP025	1,000,000,000.00	29 October 2020	70	1,000,000,000.00	1,003,857,534.00	-	361,644.08	1,004,219,178.08	-
20 Ninghu Gao SCP026	1,000,000,000.00	11 November 2020	120	1,000,000,000.00	1,002,347,397.00	-	3,175,890.67	1,005,523,287.67	-
20 Ninghu Gao SCP027	1,000,000,000.00	17 November 2020	80	1,000,000,000.00	1,002,527,397.00	-	1,965,753.68	1,004,493,150.68	-
20 Ninghu Gao SCP028	1,000,000,000.00	27 November 2020	210	1,000,000,000.00	1,002,465,754.00	-	11,917,807.64	1,014,383,561.64	-
20 Ninghu Gao SCP029	1,000,000,000.00	1 December 2020	90	1,000,000,000.00	1,001,868,493.00	-	3,556,164.53	1,005,424,657.53	-
21 Ninghu Gao SCP001	1,000,000,000.00	6 January 2021	86	1,000,000,000.00	-	1,000,000,000.00	5,654,794.52	1,005,654,794.52	-
21 Ninghu Gao SCP002	430,000,000.00	26 January 2021	115	430,000,000.00	-	430,000,000.00	3,657,945.21	433,657,945.21	-
21 Ninghu Gao SCP003	1,000,000,000.00	8 February 2021	151	1,000,000,000.00	-	1,000,000,000.00	11,671,232.00	-	1,011,671,232.00
21 Ninghu Gao SCP005	600,000,000.00	9 March 2021	178	600,000,000.00	-	600,000,000.00	5,172,165.00	-	605,172,165.00
21 Ninghu Gao SCP006	400,000,000.00	10 March 2021	177	400,000,000.00	-	400,000,000.00	3,492,163.00	-	403,492,163.00
21 Ninghu Gao SCP007	1,000,000,000.00	18 March 2021	183	1,000,000,000.00	-	1,000,000,000.00	8,112,328.00	-	1,008,112,328.00
21 Ninghu Gao SCP008	500,000,000.00	19 March 2021	175	500,000,000.00	-	500,000,000.00	4,017,534.00	-	504,017,534.00
21 Ninghu Gao SCP009	500,000,000.00	19 March 2021	175	500,000,000.00	-	500,000,000.00	4,017,534.00	-	504,017,534.00
21 Ninghu Gao SCP010	1,000,000,000.00	1 April 2021	180	1,000,000,000.00	-	1,000,000,000.00	6,856,164.00	-	1,006,856,164.00
21 Ninghu Gao SCP011	500,000,000.00	12 April 2021	270	500,000,000.00	-	500,000,000.00	3,167,123.00	-	503,167,123.00
21 Ninghu Gao SCP012	500,000,000.00	14 April 2021	121	500,000,000.00	-	500,000,000.00	2,916,986.00	-	502,916,986.00
21 Ninghu Gao SCP013	300,000,000.00	21 April 2021	121	300,000,000.00	-	300,000,000.00	1,429,727.00	-	301,429,727.00
21 Ninghu Gao SCP014	200,000,000.00	21 April 2021	121	200,000,000.00	-	200,000,000.00	953,151.00	-	200,953,151.00
21 Ninghu Gao SCP015	430,000,000.00	18 May 2021	122	430,000,000.00	-	430,000,000.00	1,269,972.00	-	431,269,972.00
21 Ninghu Gao SCP016	100,000,000.00	23 June 2021	121	100,000,000.00	-	100,000,000.00	53,699.00	-	100,053,699.00
Total	16,690,000,000.00			16,690,000,000.00	8,257,078,476.00	8,460,000,000.00	97,544,206.09	9,731,492,904.09	7,083,129,778.00

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Other current liabilities (Continued)

Changes of short-term bonds payable (Continued)

Note: On 30 June 2021, details of the Group's short-term bonds payable include:

- (1) "21 Ninghu Gao SCP003" super short term bonds issued by the Company on 8 February 2021, with the par value of RMB1,000,000,000, duration period of 151 days, and annual interest rate of 3.00%;
- (2) "21 Ninghu Gao SCP005" super short term bonds issued by the Company on 9 March 2021, with the par value of RMB600,000,000, duration period of 178 days, and annual interest rate of 2.76%;
- (3) "21 Ninghu Gao SCP006" super short term bonds issued by the Company on 10 March 2021, with the par value of RMB400,000,000, duration period of 177 days, and annual interest rate of 2.82%;
- (4) "21 Ninghu Gao SCP007" super short term bonds issued by the Company on 18 March 2021, with the par value of RMB1,000,000,000, duration period of 183 days, and annual interest rate of 2.82%;
- (5) "21 Ninghu Gao SCP008" super short term bonds issued by the Company on 19 March 2021, with the par value of RMB500,000,000, duration period of 175 days, and annual interest rate of 2.82%;
- (6) "21 Ninghu Gao SCP009" super short term bonds issued by the Company on 19 March 2021, with the par value of RMB500,000,000, duration period of 175 days, and annual interest rate of 2.82%;
- (7) "21 Ninghu Gao SCP010" super short term bonds issued by the Company on 1 April 2021, with the par value of RMB1,000,000,000, duration period of 180 days, and annual interest rate of 2.75%;
- (8) "21 Ninghu Gao SCP011" super short term bonds issued by the Company on 12 April 2021, with the par value of RMB500,000,000, duration period of 270 days, and annual interest rate of 2.89%;
- (9) "21 Ninghu Gao SCP012" super short term bonds issued by the Company on 14 April 2021, with the par value of RMB500,000,000, duration period of 121 days, and annual interest rate of 2.73%;
- (10) "21 Ninghu Gao SCP013" super short term bonds issued by the Company on 21 April 2021, with the par value of RMB300,000,000, duration period of 121 days, and annual interest rate of 2.45%;
- (11) "21 Ninghu Gao SCP014" super short term bonds issued by the Company on 21 April 2021, with the par value of RMB200,000,000, duration period of 121 days, and annual interest rate of 2.45%;
- (12) "21 Ninghu Gao SCP015" super short term bonds issued by the Company on 18 May 2021, with the par value of RMB430,000,000, duration period of 122 days, and annual interest rate of 2.45%;
- (13) "21 Ninghu Gao SCP016" super short term bonds issued by the Company on 23 June 2021, with the par value of RMB100,000,000, duration period of 121 days, and annual interest rate of 2.45%;

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

30. Long-term borrowings

(1) Categories of long-term borrowings

Unit: RMB

Item	30 June 2021	31 December 2020
Bank Loans	10,186,697,972.47	8,846,998,359.27
Including: Unsecured loans	7,273,193,764.58	8,323,065,431.58
Pledged loans (Note 1)	2,901,500,000.00	511,000,000.00
Guaranteed loan (Note 2)	12,004,207.89	12,932,927.69
Loans from a related party	2,700,000,000.00	2,700,000,000.00
Including: Medium Term Notes (Note 3)	500,000,000.00	500,000,000.00
Corporate bond (Note 4)	1,700,000,000.00	1,700,000,000.00
Government debt (note 5)	500,000,000.00	500,000,000.00
Interest payable	77,473,752.28	41,977,279.37
Subtotal	12,964,171,724.75	11,588,975,638.64
Less: long-term borrowings due within one year	151,910,560.97	1,616,615.88
Interest payable due within one year	77,473,752.28	41,977,279.37
Long-term borrowings due after one year	12,734,787,411.50	11,545,381,743.39

(2) Explanations of categories of long-term borrowings

Note 1: Pledged loans mainly include the following: (1) The Group obtained the loan from ICBC Wuxi Branch on June 28, 2018, for repayment of the due loan, replenishment of working capital and adjustment of debt structure. The total contract amount of the loan is RMB1,200,000,000.00, and the annual withdrawal in 2018 is RMB581,000,000.00. The loan term is 8 years. The above borrowings are pledged by the highway management right of Guangjing Expressway. The interest rate of the loan is calculated at the floating rate calculated on the basis of the benchmark interest rate published by the People's Bank of China. The annual interest rate for the current period is 4.16%, and the ending balance is RMB461,000,000.00. (2) Changyi Company, a subsidiary of the Group, acquired the loan from Nanjing Branch of Postal Savings Bank of China, taking changyi Expressway toll management right as pledge, and the contract amount of the loan is RMB500,000,000.00. By the end of this report, the balance of the loan is RMB50,000,000.00. (3) Yichang Company, a subsidiary of the Group, acquired the loan from Nanjing Branch of Postal Savings Bank of China, taking yichang Expressway toll management right as pledge, and the contract amount of the loan is RMB500,000,000.00. At the end of this report, the balance of the loan is RMB250,000,000.00. (4) Wufengshan Company, a subsidiary of the Group, signed loan contracts totaling RMB2,000,000,000.00 and RMB2,500,000,000.00 respectively with Jiangsu Branch of China Construction Bank and Jiangsu Branch of China Development Bank by taking the Wufengshan Bridge and highway part and the charge right of north-south connection as pledges. At the end of this report, the balance of borrowings is RMB1,760,500,000.00 and RMB380,000,000.00 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Long-term borrowings (Continued)

(2) Explanations of categories of long-term borrowings (Continued)

Note 2: Our company obtained a loan of US \$9,800,000.00 from Jiangsu Branch of Bank of China in 1998 for the purchase of imported machinery, equipment and technology. The borrowings are guaranteed by Transportation Holdings. The loan facility consists of a buyer's credit of approximately us \$4,900,000.00 and a Spanish government loan of approximately US \$4,900,000.00. The Buyer's credit was repaid in 2006 and the Spanish government loan was repaid in 40 equalized semiannual repayments of the actual amount drawn since January 2009 at an annual interest rate of 2%. The balance at the end of the year was \$1,858,207.75.

Note 3: Medium-term Notes Borrowings The funds raised for medium-term notes issued by China Communications Holding Co., Ltd. will be partially allocated to the Group according to the use of funds in the notes prospectus, and the Group will pay the corresponding interest and principal to China Communications Holding Co., LTD. Medium-term notes borrowings are as follows: (1) the "12-su communications MTN2" medium-term notes issued by China communications holdings on December 4, 2012, under which the principal amount allocated to the group is RMB250,000,000.00 with a maturity of 10 years and an annual interest rate of 5.50%; (2) Under the "13 Su Communications MTN2" medium-term Note issued by Communications Holdings on May 16, 2013, the principal amount allocated to the Group is RMB250,000,000.00 with a maturity of 10 years and an annual interest rate of 5.30%.

Note 4: Part of the funds raised by the corporate bonds issued by China Communications Holdings Will be allocated to the Group according to the use of the funds in the company's bond prospectus, and the Group will pay the corresponding interest and principal to China Communications Holdings. Corporate bonds include (1) the "18 Su Xicheng 01" corporate bonds issued by Transportation Holdings on November 20, 2018, under which the principal of the group subsidiary Jiangsu Guangjing Xicheng Expressway Co., LTD. (hereinafter referred to as "Guangjing Xicheng Company") is RMB500,000,000.00 with a maturity of 5 years and an annual interest rate of 4.43%; At the same time, the principal of RMB300,000,000.00 is allocated to Jiangsu Yichang Expressway Co., LTD. (hereinafter referred to as "Yichang Company"), a subsidiary of the Group, with a term of 5 years and an annual interest rate of 4.43%; (2) The principal amount allocated to the Group is RMB100,000,000.00 under the corporate bonds of "19 Su Jie-debt01" issued by Communications Holdings on November 8, 2019, with a maturity of 5 years and an annual interest rate of 3.82%. (3) Under the "20 Su To Pay debt 01" corporate bonds issued by Communications Holdings on July 22, 2020, the principal of the group's subsidiary Jiangsu Changyi Expressway Co., LTD. (hereinafter referred to as "Changyi Company") is RMB50,000,000.00 with a maturity of 5 years and an annual interest rate of 3.85%; The principal allocated to Yichang Company, a subsidiary of the Group, is RMB200,000,000.00 with a term of 5 years and an annual interest rate of 3.85%; At the same time, the principal of wufengshan Bridge, a subsidiary of the Group, is 550,000,000.00 yuan with a term of 5 years and an annual interest rate of 3.85%.

Note 5: Government bonds are funds raised by special bonds for government project construction applied by Communications Holdings. According to the notice of issuance of government bonds of the company, Communications Holdings will lend the principal of RMB500,000,000.00 yuan to the Group for the construction of Longtan River crossing channel project. The maturity of the bonds is 15 years, the coupon rate is 3.45%, and the interest is paid every six months, and the principal is repaid at maturity.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

30. Long-term borrowings (Continued)

(3) Analysis of maturity for long-term borrowings over one year is as follows:

Unit: RMB

Item	30 June 2021	31 December 2020
1-2 years	912,457,784.55	1,616,615.88
2-5 years	3,739,215,532.88	2,330,646,463.52
Over 5 years	8,083,114,094.07	9,213,118,663.99
Total	12,734,787,411.50	11,545,381,743.39

(4) Other explanations

Interest rate of the loans above between 2.00%-5.50%.

31. Bonds payable

(1) Bonds payable

Unit: RMB

Item	30 June 2021	31 December 2020
Medium term notes&Corporate bonds	3,980,374,664.00	2,984,038,590.76
Interest payable on bonds	84,803,835.63	55,462,465.74
Less: Bonds payable due within one year	—	999,432,232.18
Interest payable due within one year	84,803,835.63	55,462,465.74
Total	3,980,374,664.00	1,984,606,358.58

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Bonds payable (Continued)

(2) Changes of bond payable

Unit: RMB

Name of bond	Par value	Issue date	Term of the bond	Issue amount	31 December 2020	Issue in the current period	Interest accrued according to par value	Premium and discount amortization	Repayment in the current period	30 June 2021
16 Ninghu Gao MTN001	1,000,000,000.00	15 April, 2016	5 years	1,000,000,000.00	999,432,232.18	-	37,000,000.00	567,767.82	1,000,000,000.00	-
20 Ninghu Gao MTN001	2,000,000,000.00	21 August, 2020	5 years	2,000,000,000.00	1,984,606,358.58	-	68,477,808.24	1,505,645.87	-	1,986,112,004.45
21 Ninghu Gao MTN001	1,000,000,000.00	17 June, 2021	3 years	1,000,000,000.00	-	997,000,000.00	1,323,287.67	37,023.55	-	997,037,023.55
21 Ninghu G1	1,000,000,000.00	2 February, 2021	3+2 years	1,000,000,000.00	-	997,000,000.00	15,002,739.72	225,636.00	-	997,225,636.00
Total				5,000,000,000.00	2,984,038,590.76	1,994,000,000.00	121,803,835.63	2,336,073.24	1,000,000,000.00	3,980,374,664.00

(3) Other explanations

As at 30 June 2021, the Group's debentures payable include:

- On August 21, 2020, the Company issued the "20 Ning Hu Gao MTN001" medium-term notes with the principal amount of RMB2,000,000,000.00. The maturity of the notes is 5 years, the coupon rate is 3.98%, and the interest is paid once a year. The principal will be repaid at maturity.
- On June 17, 2021, the Company issued the "21 Ning Hu Gao MTN001" medium-term Notes with the principal amount of RMB1,000,000,000.00. The maturity of the notes is 3 years, the coupon rate is 3.45%, the interest is paid once a year, and the principal is repaid at maturity.
- On February 2, 2021, the Company issued "21 Ninghu G1" corporate bond with a principal amount of RMB1,000,000,000.00. The maturity of the bonds is 3+2 years, the coupon rate is 3.7%, and the interest is paid once a year. The principal will be repaid at maturity.

32. Lease liabilities

Unit: RMB

Item	30 June 2021	31 December 2020
Lease liabilities	13,293,616.02	11,835,601.70

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Deferred income

Unit: RMB

Item	31 December 2020	Increase in the current period	Decrease in the current period	30 June 2021	Reason
Government grants	98,632,004.79	-	5,372,799.75	93,259,205.04	Construction grants of Ningchang expressway and subsidy for the cancellation of province boundary expressway toll station construction project
Others	<u>13,595,265.73</u>	-	-	13,595,265.73	Others
Total	<u>112,227,270.52</u>	-	<u>5,372,799.75</u>	106,854,470.77	

Government grants

Unit: RMB

Item	31 December 2020	Increase in the current year	Transfer to other income for the year	30 June 2021	Related to asset/ Related to income
Ningchang Expressway construction compensations	39,378,229.79		1,140,387.27	38,237,842.52	Related to asset
Expressway construction compensation subsidy for the cancellation of province boundary expressway toll station construction project	<u>59,253,775.00</u>	-	<u>4,232,412.48</u>	55,021,362.52	Related to asset
Total	<u>98,632,004.79</u>	-	<u>5,372,799.75</u>	93,259,205.04	

Other explanations:

- (1) The deferred income related to government grants is appropriated by People's Government of Wujin District, Changzhou City for construction of Ningchang expressway road, due to the extra cost of construction of Wujin Development Zone viaduct project. The project construction subsidy is RMB40,000,000.00, the Group recognizes the project construction subsidy as a compensation of the construction cost of Ningchang expressway which is recorded in deferred income.
- (2) The Group included the subsidy of RMB86,689,640.00 received from the Department of Finance of Jiangsu Province for the cancellation of province boundary expressway toll station construction project in deferred income.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Provisions

Unit: RMB

Item	31 December 2020	Increase in the current period	Decrease in the current period	30 June 2021	Reason
Penalty for delayed delivery of buildings	49,509,895.42	–	44,999,282.92	4,510,612.50	Delayed delivery of Hanrui Center
Others (Note)	4,605,867.00	–	4,605,867.00	–	
Total	54,115,762.42	–	49,605,149.92	4,510,612.50	

Note: The subsidiary of the Company has been involved in litigation with five owners due to delayed delivery of the house. As at the end of the reporting period, the company has received the judgment from the court and paid RMB4,605,867.00 to the owners.

35. Share capital

Unit: RMB

	Opening balance	New issue of shares	Changes for the period			Subtotal	Closing balance
			Bonus issue	Capitalization of surplus reserves	Others		
For the six-month period ended 30 June 2021:							
Total shares	5,037,747,500.00	–	–	–	–	–	5,037,747,500.00
For the year ended 31 December 2020:							
Total shares	5,037,747,500.00	–	–	–	–	–	5,037,747,500.00

The Group did not purchase, sell or redeem listed shares of the Company for the current period.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

36. Capital reserve

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
For the six-month period ended 30 June 2021:				
Capital premium	7,765,271,453.53	-	-	7,765,271,453.53
Including: Capital contributed by investors	4,800,576,953.53	-	-	4,800,576,953.53
Differences arising from business combination involving enterprises under common control	2,964,694,500.00	-	-	2,964,694,500.00
Other capital reserve	2,737,562,497.76	-	-	2,737,562,497.76
Including: Share of capital reserve of the investee under the equity method	(18,939,686.61)	-	-	(18,939,686.61)
Transfer from capital reserve under the previous accounting system	2,682,977,235.00	-	-	2,682,977,235.00
Difference arising from merging associates	73,524,949.37	-	-	73,524,949.37
Total	<u>10,502,833,951.29</u>	<u>-</u>	<u>-</u>	<u>10,502,833,951.29</u>
For the year ended 31 December 2020:				
Capital premium	7,765,271,453.53	-	-	7,765,271,453.53
Including: Capital contributed by investors	4,800,576,953.53	-	-	4,800,576,953.53
Differences arising from business combination involving enterprises under common control	2,964,694,500.00	-	-	2,964,694,500.00
Other capital reserve	2,736,641,730.34	920,767.42	-	2,737,562,497.76
Including: Share of capital reserve of the investee under the equity method	(19,860,454.03)	920,767.42	-	(18,939,686.61)
Transfer from capital reserve under the previous accounting system	2,682,977,235.00	-	-	2,682,977,235.00
Difference arising from merging associates	73,524,949.37	-	-	73,524,949.37
Total	<u>10,501,913,183.87</u>	<u>920,767.42</u>	<u>-</u>	<u>10,502,833,951.29</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Other comprehensive income

Unit: RMB

Item	1 January 2021	Change for the period					30 June 2021
		Before-tax amount for the current period	Less: amount previously included in other comprehensive income and transferred to profit or loss for the period	Less: Income tax expense	Attributable to owners of the Company after tax	Post-tax net amount attribute to minority shareholders	
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss	806,954,969.94	1,256,536,439.21	-	335,281,372.26	921,255,066.95	(4,080,375.00)	1,728,210,036.89
Including: Other comprehensive income that cannot be subsequently reclassified to profit or loss under the equity method (Note 1)	305,529,760.35	(84,589,049.84)	-	-	(84,589,049.84)		220,940,710.51
Changes in the fair value of investment in other equity instruments (Note 2)	501,425,209.59	1,341,125,489.05	-	335,281,372.26	1,005,844,116.79	(4,080,375.00)	1,507,269,326.38

Note 1: The changes in the share of other comprehensive income under the equity method of the Group are the fair value adjustments of financial assets designated as at FVTOCI held by the joint venture Yangtze Bridge Company of the Group. The Group adjusts other comprehensive income according to the shareholding ratio.

Note 2: Other investments in equity instrument are the fair value adjustment of the ordinary shares of A-share listed company Bank of Jiangsu Co., Ltd and ordinary shares of A-share listed company Jiangsu Financial Leasing Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

38. Surplus reserve

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
For the six-month period ended 30 June 2021:				
Statutory surplus reserve	3,331,534,368.10			3,331,534,368.10
Discretionary surplus reserve	318,870,937.45			318,870,937.45
Total	<u>3,650,405,305.55</u>	<u>-</u>	<u>-</u>	<u>3,650,405,305.55</u>
For the year ended 31 December 2020:				
Statutory surplus reserve	3,271,634,956.69	59,899,411.41	-	3,331,534,368.10
Discretionary surplus reserve	279,532,043.73	39,338,893.72	-	318,870,937.45
Total	<u>3,551,167,000.42</u>	<u>99,238,305.13</u>	<u>-</u>	<u>3,650,405,305.55</u>

Note: According to "Company Law of the People's Republic of China" and the Articles of the company, the Company and its subsidiaries are required to transfer 10% of its net profit to the statutory surplus reserve. The transfer may be ceased if the balance of the statutory surplus reserve has reached 50% of the Company's registered capital. Statutory surplus reserve can be used for making up losses, or to increase the capital after approval.

39. General risk reserve

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
General risk reserve (<i>Note</i>)	<u>3,487,713.71</u>	<u>1,639,289.02</u>	<u>-</u>	<u>5,127,002.73</u>

Note: Increase in general risk reserve for the year represents the provision of risk reserve as per requirement of "Notice of the General Office of the China Banking and Insurance Regulatory Commission on Strengthening the Supervision and Administration of Commercial Factoring Enterprises" (Yin Bao Jian Ban Fa (2019) No. 205).

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Retained profits

Unit: RMB

Item	30 June 2021	31 December 2020
Closing retained profits (before adjustment)	8,208,531,658.34	8,164,265,960.12
Opening retained profits (adjusted)	2,679,329,242.91	2,464,213,675.74
Add: Net profit attributable to owners of the Company for the year	—	59,899,411.41
Less: Appropriation to statutory surplus reserve	—	39,338,893.72
Appropriation to discretionary surplus reserve	1,639,289.02	3,345,822.39
Appropriation to general risk reserve (<i>Note</i>)	2,317,363,850.00	2,317,363,850.00
Declaration of dividends on ordinary shares	8,568,857,762.23	8,208,531,658.34

Note: Cash dividends approved by the shareholders' meeting during the reporting period. As proposed by the Board of Directors of the Company on March 26, 2021, a cash dividend of RMB0.46 per share of 5,037,747,500 shares outstanding (par value RMB1 per share) is proposed to be paid to all shareholders for the year 2020. The above dividend distribution plan has been approved by the shareholders' meeting.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

41. Operating income and operating costs

(1) Operating income and operating costs

Unit: RMB

Item	Amount recognized in the current period		Amount recognized in the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Principal operating income	4,753,367,653.60	2,093,083,480.90	2,389,472,334.49	1,722,037,586.05
Including: Shanghai-Nanjing Expressway	2,572,116,454.12	795,750,752.45	1,176,273,277.15	643,622,193.65
Guangjing Expressway and Xicheng Expressway	452,468,020.00	103,797,953.49	238,218,656.79	111,470,130.86
Ningchang Expressway and Zhenli Expressway	661,234,618.37	297,498,419.87	249,559,632.44	317,048,082.41
Xiyi Expressway	230,892,160.35	149,829,716.79	93,898,635.01	101,726,699.57
Zhendan Expressway	45,138,428.10	29,369,673.00	19,650,511.35	23,168,281.86
Changyi Expressway	38,746,551.00	39,692,703.10	-	-
Yichang Expressway	50,311,054.80	69,313,250.82	-	-
Wufengshan Highway Bridge	4,386.65	1,057,282.02	-	-
Ancillary services	702,455,980.21	606,773,729.36	611,871,621.75	525,002,197.70
Real estate development	251,537,118.91	89,306,984.48	239,598,650.73	110,236,786.05
Advertising and others	56,859,939.49	37,710,604.13	39,280,087.28	27,015,850.09
Total	<u>5,061,764,712.00</u>	<u>2,220,101,069.51</u>	<u>2,668,351,072.50</u>	<u>1,859,290,222.19</u>

(2) Description of the performance obligation

Road toll and supporting services

The toll income is divided after the vehicle passes, and is recognized when the amount is received and receivable. The income from road supporting services is mainly oil income. Income from roll supporting services shall be recognized when refueling service is provided.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Operating income and operating costs (Continued)

(2) Description of the performance obligation (Continued)

Real estate development

The proceeds from the sale of the property are recognized at the point in time when the completed property is transferred to the client, i.e. the client gains control of the completed property and the Group has the current right to receive payment and the time point when the payment may be received.

(3) A statement of the apportionment to the remaining performance obligations

At the end of the period of this report, the amount of income corresponding to the performance obligations which have been signed but have not been performed or have not been completed is RMB981,512,862.42, and will be recognized as revenue in the year of 2021 to 2023.

42. Taxes and levies

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
City maintenance and construction tax	10,226,755.87	5,297,119.10
Education surcharge	7,417,828.63	3,698,752.77
Land appreciation tax	41,677,205.45	23,783,518.44
Property tax	1,877,944.78	3,293,341.34
Land use tax	1,065,042.86	1,310,757.65
Others	1,001,717.39	1,874,863.91
Total	63,266,494.98	39,258,353.21

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

43. Selling expenses

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Depreciation	1,106,331.15	827,537.09
Commission fee for agent of real estate sales	6,659,861.49	3,678,433.44
Advertisement and promotion fee	2,595,311.95	1,974,648.15
Production and planning fee	916,779.27	962,639.08
Others	1,759,809.12	1,534,079.71
Total	13,038,092.98	8,977,337.47

44. Administrative expenses

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Salaries and additional remuneration	29,664,145.19	33,027,795.08
Depreciation and amortization	38,561,596.12	38,774,450.74
Audit fee	-	-
Consulting and intermediary service fee	2,866,046.27	182,796.20
Entertainment fee	168,944.70	165,129.51
Maintenance and repair costs	137,487.03	100,852.06
Office expenses	221,740.49	307,191.88
Travelling expenses	341,591.84	210,075.28
Vehicle related expenses	699,492.92	547,250.85
Others	1,183,927.39	515,869.08
Total	73,844,971.95	73,831,410.68

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Financial expenses

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Interest expenses (Note 1)	296,745,724.02	243,777,161.13
Less: Interest income	6,406,363.96	2,833,886.76
Exchange differences	(117,134.14)	199,624.65
Bond issuance fee and commission charges for other loans (Note 2)	3,210,975.45	11,899,606.27
Others	525,193.60	3,344,716.11
Total	293,958,394.97	256,387,221.40

Note 1: Interest expense includes the financing component that exists in the contract liability and the interest expense that exists in the lease liability.

Note 2: Bond issuance fees and other borrowing fees mainly refer to underwriting fees, commissions and other financing expenses of the company's ultra-short financing, medium term notes and corporate bonds.

46. Other income

(1) Details of other income are as follows:

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Government grants	12,115,336.70	9,387,442.24
Total	12,115,336.70	9,387,442.24

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

46. Other income (Continued)

(2) Government grants recognized in profit or loss for the current period:

Unit: RMB

Government grants	Amount recognized in the current period	Amount recognized in the prior period	Presented item	Related to assets/ income
Additional deduction of VAT	5,672,220.61	7,210,995.13	Other income	Related to income
Ningchang Expressway construction compensations	1,140,387.27	1,157,610.51	Other income	Related to assets
Subsidies for working steadily	10,356.33	1,018,836.60	Other income	Related to income
Expressway construction compensation subsidy for the cancellation of province boundary expressway toll station construction project	4,232,412.48	–	Other income	Related to assets
Specific subsidies	1,030,952.01	–	Other income	Related to income
Others	29,008.00	–	Other income	Related to income
Total	12,115,336.70	9,387,442.24		

47. Investment income

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Income from long-term equity investments under equity method	444,133,821.59	(10,411,795.68)
Investment income from other equity instruments in the holding period	207,818,000.00	149,290,000.00
Investment income from other non-current financial assets	48,704,755.55	–
Investment income from trading financial assets	209,977.34	4,686,758.48
Investment income (losses) from disposal of financial assets measured at FVTPL	11,400,341.85	4,197,011.12
Total	712,266,896.33	147,761,973.92

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Gains from changes in fair values

Unit: RMB

Sources of generating gains from changes in fair value	Amount recognized in the current period	Amount recognized in the prior period
Gains (losses) from changes in fair values of held-for-trading financial assets	3,211,196.55	3,333,876.18
Gains from changes in fair values of other non-current financial assets	310,796,128.71	47,127,300.62
Total	314,007,325.26	50,461,176.80

49. Losses from disposal of assets

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Gains from disposal of assets	—	—
Losses from disposal of assets	(2,033.85)	—
Total	(2,033.85)	—

50. Non-operating income

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Income from highway property compensation	2,250,700.00	1,488,600.00
Others	5,558,664.22	28,068,623.53
Total	7,809,364.22	29,557,223.53

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

51. Non-operating expenses

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Expenditure for repair of damaged highway property	5,771,578.38	9,208,128.52
Non-profit donations	400,000.00	–
Various funds	1,213,493.94	79,900.52
Others	730,395.77	464,900.51
Total	8,115,468.09	9,752,929.55

52. Income tax expenses

(1) Income tax expenses

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Current tax expenses	658,361,503.67	157,144,512.52
Deferred tax expenses	76,398,338.32	16,137,747.38
Differences in annual filing for the prior years	(366,940.12)	651,109.96
Total	734,392,901.87	173,933,369.86

No provision for Hong Kong Profits tax has been made as the income neither arises, nor is derived from Hong Kong.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

52. Income tax expenses (Continued)

(2) Reconciliation of income tax expenses to the accounting profit is as follows

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Accounting profit	3,435,637,108.18	658,021,414.49
Income tax expenses calculated at 25% (prior year: 25%)	858,909,277.05	164,505,353.62
Effect of cost, expenses and loss that are not deductible for tax purposes	21,625,706.89	16,994,532.70
Effect of non-taxable income	(175,164,144.29)	(34,719,551.08)
Effect of deductible temporary differences and deductible losses of unrecognized deferred tax assets for the current period	29,389,002.34	26,501,924.66
Differences in annual filing for the prior years	(366,940.12)	651,109.96
Total	734,392,901.87	173,933,369.86

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

53. Supplementary information of income statement

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Employee benefits	478,301,217.47	431,367,185.58
Depreciation and amortization	938,411,076.99	820,942,950.35
Toll related expenses	68,194,359.23	48,350,275.51
Road maintenance expenses	209,064,763.46	90,000,499.83
System maintenance expenses	8,982,235.03	4,238,044.31
Real estate development land and construction cost	89,306,984.48	110,236,786.05
Petroleum in the service zone	469,072,174.35	396,397,425.11
Catering goods in the service zone	2,622,942.23	1,944,904.89
Audit fee	—	—
Consulting and intermediary service fee	2,866,046.27	182,796.20
Commission fee for agent of real estate sales	6,659,861.49	3,678,433.44
Advertisement and promotion fee	3,519,778.26	1,974,648.15
Others	29,982,695.18	32,785,020.92
Total	2,306,984,134.44	1,942,098,970.34

54. Notes to items in the cash flow statement

(1) Other cash receipts relating to operating activities:

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Changes in restricted cash and bank balances	7,997,670.99	—
Receipts from compensation of damaged road and non-operating income and etc.	71,507,027.08	123,162,650.08
Receipts from interest income of bank deposit	6,406,363.96	2,833,886.76
Recovery of financing factoring	340,282,635.04	—
Total	426,193,697.07	125,996,536.84

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

54. Notes to items in the cash flow statement (Continued)

(2) Other cash payments relating to operating activities

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Changes of restricted monetary funds	–	13,534,674.37
Payment of non-salary and other expenditure	104,890,707.35	59,301,675.69
Increase in factoring receivables	504,211,538.00	185,139,532.13
Total	609,102,245.35	257,975,882.19

(3) Other cash payments relating to financing activities:

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Bond issue fee and other charges of loans	11,961,277.33	18,540,629.97

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

55. Supplementary information of the cash flow statement

(1) Supplementary information of the cash flow statement

Unit: RMB

Supplementary information	Current period	Prior period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	2,701,244,206.33	484,088,044.63
Add: Impairment losses of credit	—	—
Depreciation of fixed assets	146,451,147.48	115,257,753.35
Depreciation of right-of-use assets	4,077,915.53	821,284.10
Amortization of intangible assets	791,621,821.49	699,727,117.66
Amortization of long-term prepaid expenses	1,181,591.36	4,685,394.36
Amortization of deferred income	(5,372,799.75)	(1,157,610.51)
Amortization of investment properties	451,400.88	451,400.88
Losses on disposal of fixed assets, intangible assets and other long-term assets	2,033.85	—
Gains from changes in fair values	(314,007,325.26)	(50,461,176.80)
Financial expenses	299,845,577.07	255,876,392.05
Investment income	(712,266,896.33)	(147,761,973.92)
Decrease in deferred tax assets	46,666,070.38	3,522,453.19
Increase in deferred tax liabilities	77,443,728.20	12,615,294.19
Decrease in inventories (increase is indicated by “-”)	(76,099,804.70)	(40,958,133.06)
Decrease in receivables from operating activities (increase is indicated by “-”)	1,619,461.03	(179,678,829.63)
Increase in payables from operating activities	(371,266,459.60)	(248,163,585.64)
Decrease in restricted monetary funds (increase is indicated by “-”)	7,997,670.99	(13,534,674.37)
Net cash flow from operating activities	2,599,589,338.93	895,329,150.48
2. Net changes in cash and cash equivalents:		
Closing balances of cash	493,864,848.07	328,826,485.83
Less: Opening balances of cash	350,989,093.35	449,410,135.63
Net increase (decrease) in cash and cash equivalents	142,875,754.72	(120,583,649.80)

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

55. Supplementary information of the cash flow statement (Continued)

(2) Composition of cash and cash equivalents

Unit: RMB

Item	30 June 2021	31 December 2020
I. Cash	493,864,848.07	350,989,093.35
Including: Cash on hand	480,589.04	253,967.19
Bank deposit that can be readily withdrawn on demand	491,414,915.26	347,806,162.16
Other monetary funds that can be readily withdrawn on demand	1,969,343.77	2,928,964.00
II. Cash equivalents	–	–
III. Closing balance of cash and cash equivalents	493,864,848.07	350,989,093.35

56. Assets with restricted ownership or use rights

Unit: RMB

Item	Closing carrying amount	Reasons for restriction
Monetary fund	27,725,938.50	Customer mortgage margin, pre-sale supervision fund and note margin
Intangible assets	11,394,707,723.27	Pledge of expressway toll management right
Total	11,422,433,661.77	

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

57. Monetary item dominated in foreign currency

Unit: RMB

Item	30 June 2021 (foreign currency)	Exchange rate	30 June 2021 (equivalent to RMB)
Cash and bank balances			771,100.61
Including: HKD	840,196.75	0.8320	699,037.94
USD	11,155.04	6.4601	72,062.67
Long-term borrowings			12,004,207.89
Including: USD	1,858,207.75	6.4601	12,004,207.89

VII. CHANGE OF CONSOLIDATION SCOPE

1. Changes in consolidation scope due to other reasons

(1) Subsidiaries acquired through establishment

See Note VIII 1. (1)

VIII. EQUITY IN OTHER ENTITIES

1. Equity in subsidiaries

(1) Group composition

Name of subsidiary (Note)	Type of subsidiaries	Registered Capital	Business premise	Registered place	Business nature	Proportion of holding equity (%)		
						Direct	Indirect	Acquired method
Jiangsu Guangjing Xicheng Expressway Co., Ltd. ("Guangjing Xicheng Company")	Limited liability company	2,500,000,000.00	Wuxi	Nanjing	Construction and operation of expressway	85.00	-	Set-up
Wuxi Jingcheng Advertising Co., Ltd.	Limited liability company	1,000,000.00	Wuxi	Wuxi	Service	-	100.00	Set-up
Jiangsu Ninghu Investment Development Co., Ltd. ("Ninghu Investment")	Limited liability company	1,940,000,000.00	Nanjing	Nanjing	Investment and Service	100.00	-	Set-up
Jiangsu Ninghu Properties Co., Ltd. ("Ninghu Properties")	Limited liability company	500,000,000.00	Nanjing, Zhenjiang	Nanjing	Real estate development	100.00	-	Set-up
Kunshan Feng Yuan Real Estate Development Co., Ltd. ("Kunshan Fengyuan")	Limited liability company	9,000,000.00	Kunshan	Kunshan	Real estate development	-	100.00	Set-up
Ninghu Properties (Kunshan) Co., Ltd. ("Kunshan Properties")	Limited liability company	200,000,000.00	Kunshan	Kunshan	Real estate development	-	100.00	Set-up

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VIII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(1) Group composition (Continued)

Name of subsidiary <i>(Note)</i>	Type of subsidiaries	Registered Capita	Business premise	Registered place	Business nature	Proportion of holding equity (%)		Acquired method
						Direct	Indirect	
Ninghu Properties (Suzhou) Co., Ltd. ("Suzhou Properties")	Limited liability company	100,000,000.00	Suzhou	Suzhou	Real estate development	-	100.00	Set-up
Jiangsu Tongcheng Times Property Management Co., Ltd.	Limited liability company	3,000,000.00	Kunshan	Kunshan	Property management	-	100.00	Set-up
Jiangsu Zhendan Expressway Co., Ltd. ("Zhendan Company")	Limited liability company	605,590,000.00	Zhenjiang	Nanjing	Construction and operation of expressway	70.00	-	Set-up
Jiangsu Wufengshan Bridge Co., Ltd. ("Wufengshan Bridge")	Limited liability company	4,826,350,000.00	Zhenjiang, Yangzhou	Zhenjiang	Construction and operation of expressway	64.50	-	Set-up
Jiangsu Changyi Expressway Co., Ltd. ("Changyi Company")	Limited liability company	1,519,846,000.00	Changzhou, Yixing	Wuxi	Construction and operation of expressway	-	60.00	Set-up
Jiangsu Yichang Expressway Co., Ltd. ("Yichang Company")	Limited liability company	1,591,480,880.00	Yixing, Changxing	Yixing	Construction and operation of expressway	-	60.00	Set-up
Nanjing Hanwei Real Estate Development Co., Ltd. ("Hanwei Company")	Limited liability company	290,000,000.00	Nanjing	Nanjing	Real estate development	100.00	-	Business combination not under the common control
Ninghu Commercial Factoring (Guangzhou) Co., Ltd. ("Factoring Company")	Limited liability company	90,000,000.00	Guangzhou	Guangzhou	Business services	-	100.00	Set-up
Jiangsu Yangtze River Expressway Management Co., Ltd. ("Yangtze River Management")	Limited liability company	50,000,000.00	Wuxi	Nanjing	Construction and operation of expressway	100.00	-	Set-up
Jiangsu Longtan Bridge Co., Ltd. ("Longtan Bridge")	Limited liability company	2,501,570,000.00	Nanjing	Nanjing	Construction and operation of expressway	53.62	-	Set-up
Jiangsu Expressway International (Hong Kong) Co., Ltd. <i>(note 1)</i>	Limited liability company	732,317.34	Hongkong	Hongkong	Investment	100.00	-	Set-up
Jiangsu Changjiang commercial energy Co., Ltd. <i>(note 2)</i>	Limited liability company	100,000,000.00	Nanjing	Nanjing	Operating of expressway service zone	100.00	-	Set-up

Note 1: On December 23, 2019, the board of directors of the company decided to invest US \$1,300,000,000.00 to establish a wholly-owned subsidiary in Hong Kong Special Administrative Region; In January 2020, Ninghu international company completed the registration procedures in Hong Kong and obtained the company registration certificate and business registration certificate issued by the Hong Kong company registry and the business registration department of the Inland Revenue Department respectively. In January 2021, the initial capital was USD113,176.86.

Note 2: On December 24, 2020, the board of directors of the company decided to invest RMB100,000,000.00 to establish a wholly-owned subsidiary, Jiangsu Changjiang commercial energy Co., Ltd.; In February 2021, the company completed the industrial and commercial registration procedures. In April 2021, the capital was RMB100,000,000.00.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VIII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(2) Significant non-wholly owned subsidiaries

Unit: RMB

Name of subsidiaries	Minorities proportion of shareholding (%)	30 June 2021/Amount recognized in the current period			31 December 2020/Amount recognized in the current period		
		attributable to minority shareholders	Dividend announcement to minority shareholders	30 June 2021 of minority interest	Profit or loss attributable to minority shareholders	Dividend announcement to minority shareholders	31 December 2020 of minority interest
Guangjing Xicheng	15.00	64,377,564.97	11,107,452.35	953,107,775.66	9,749,676.71	15,438,867.51	903,918,038.04
Zhendai Company	30.00	(4,480,937.10)	-	142,692,637.02	(12,212,464.50)	-	147,173,574.12
Wufengshan Bridge	35.50	(387,190.97)	-	1,713,929,943.84	76,678.07	-	1,714,317,134.81
Changyi Company	40.00	(17,892,694.70)	-	596,846,031.96	41,273.41	-	614,738,726.66
Yichang Company	40.00	(19,810,426.16)	-	633,203,238.80	848,411.38	-	653,013,664.96
Longtan Bridge	46.40	108,647.35	-	806,856,050.96	(52,976.68)	-	806,147,403.60

(3) Financial information of significant non-wholly owned subsidiaries

Unit: RMB

Name of subsidiaries	30 June 2021						31 December 2020					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Guangjing Xicheng	376,618,304.97	14,229,450,376.84	14,606,068,681.81	2,207,080,868.37	4,796,461,473.28	7,003,542,341.65	224,374,128.83	13,223,866,778.99	13,448,240,905.82	1,674,711,016.59	4,461,232,012.38	6,135,943,028.97
Zhendai Company	11,616,759.90	1,740,228,168.60	1,751,844,928.50	1,276,212,805.10	-	1,276,212,805.10	6,653,267.32	1,766,840,363.63	1,773,493,630.95	1,282,925,050.56	-	1,282,925,050.56
Wufengshan Bridge	559,620,917.04	12,177,327,268.82	12,736,948,185.86	731,602,159.09	7,177,418,764.58	7,909,020,923.67	507,989,836.47	10,967,603,588.54	11,475,593,425.01	17,690,083.16	6,628,885,431.58	6,646,575,514.74
Changyi Company	131,085,658.59	3,766,954,139.34	3,898,039,797.93	323,799,718.03	2,082,125,000.00	2,405,924,718.03	99,566,683.00	3,801,200,998.55	3,900,767,681.55	423,420,864.90	1,940,500,000.00	2,363,920,864.90
Yichang Company	99,800,649.00	3,921,026,212.59	4,020,826,861.59	934,978,764.60	1,502,840,000.00	2,437,818,764.60	68,494,852.78	2,828,084,011.28	2,896,568,864.06	10,354,701.67	1,253,680,000.00	1,264,034,701.67
Longtan Bridge	140,591,500.56	1,582,376,068.16	1,722,967,568.72	24,977,605.56	1,000,000.00	25,977,605.56	291,802,353.37	1,338,064,187.44	1,629,866,540.81	38,691,027.50	-	38,691,027.50

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VIII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(3) Financial information of significant non-wholly owned subsidiaries (Continued)

Unit: RMB

Name of subsidiaries	Amount recognized in the current period				Amount recognized in the prior period			
	Operating income	Net profit attributable to the parent company	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit attributable to the parent company	Total comprehensive income	Cash flow from operating activities
Guangjing Xicheng	797,205,931.73	429,183,766.48	364,278,145.62	519,990,416.46	347,569,732.84	64,997,844.70	(58,817,405.30)	213,345,047.86
Zhendan Company	46,601,533.14	(14,936,456.99)	(14,936,456.99)	25,446,598.64	20,584,688.73	(40,708,214.99)	(40,708,214.99)	17,501,606.92
Wufengshan Bridge	4,386.65	(1,090,648.08)	(1,090,648.08)	2,582,427.55	-	215,994.57	215,994.57	(267,057.12)
Changyi Company	38,746,551.00	(44,731,736.75)	(44,731,736.75)	36,237,397.36	-	103,178.17	103,178.17	(203,849.88)
Yichang Company	51,277,566.80	(49,526,065.40)	(49,526,065.40)	45,549,150.42	-	2,121,028.39	2,121,028.39	(2,093,182.23)
Longtan Bridge	-	234,153.81	234,153.81	(303,198.35)	-	(114,223.55)	(114,223.55)	(21,293.60)

2. Equity in associates

(1) Significant associates

Name of joint ventures or associates	Business premise	Registered place	Business nature	Proportion of shareholding (%)		Accounting method
				Direct	Indirect	
Yangtze Bridge Company	Nanjing	Nanjing	Construction and operation of expressway	26.66	-	Equity method
Suzhou Expressway Management	Suzhou	Suzhou	Construction and operation of expressway	30.01	-	Equity method
Yanjiang Expressway	Suzhou	Suzhou	Construction and operation of expressway	-	25.15	Equity method

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VIII. EQUITY IN OTHER ENTITIES (CONTINUED)

2. Equity in associates (Continued)

(2) Financial information of significant associates

Unit: RMB

	30 June 2021/ Amount recognized in the current period			31 December 2020/ Amount recognized in the prior period		
	Yangtze Bridge Company	Suzhou Expressway Management	Yanjiang Expressway	Yangtze Bridge Company	Suzhou Expressway Management (Sujiahang Company)	Yanjiang Expressway
Current asset	926,293,682.06	2,026,394,347.34	2,168,305,054.04	2,892,724,151.06	2,048,309,912.47	1,550,322,650.10
Non-current asset	22,897,105,093.94	6,847,076,242.27	9,405,706,560.04	19,757,165,390.14	6,479,350,936.30	9,801,256,259.72
Total asset	<u>23,823,398,776.00</u>	<u>8,873,470,589.61</u>	<u>11,574,011,614.08</u>	<u>22,649,889,541.20</u>	<u>8,527,660,848.77</u>	<u>11,351,578,909.82</u>
Current liabilities	3,470,084,204.15	308,549,488.40	971,049,742.85	2,833,883,860.89	244,661,477.60	1,084,963,608.39
Non-current liabilities	9,743,437,062.71	1,609,202,660.10	2,016,792,575.00	10,178,388,863.92	1,645,789,560.10	2,081,792,575.00
Total liabilities	<u>13,213,521,266.86</u>	<u>1,917,752,148.50</u>	<u>2,987,842,317.85</u>	<u>13,012,272,724.81</u>	<u>1,890,451,037.70</u>	<u>3,166,756,183.39</u>
Minority interests	3,981,143,562.82	24,496,773.73	151,408,489.89	3,259,534,330.27	20,457,664.52	196,491,821.50
Shareholders' equity attributable to shareholders of the parent company	6,628,733,946.32	6,931,221,667.38	8,434,760,806.34	6,378,082,486.12	6,616,752,146.55	7,988,330,904.92
Net assets share calculated according to proportion of shareholding	1,767,220,470.09	2,080,059,622.38	2,327,993,982.55	1,700,396,790.80	1,985,687,319.18	2,204,779,329.76
Adjustments						
Goodwill	53,174,434.00	27,211,243.38	13,173,081.00	53,174,434.00	27,211,243.38	13,173,081.00
Net book value of the equity investment in associates	1,820,394,904.09	2,107,270,865.76	2,341,167,063.55	1,753,571,224.80	2,012,898,562.56	2,217,952,410.76
Operating income	1,224,212,417.13	959,559,379.48	1,138,398,387.97	376,793,641.60	562,389,643.76	509,809,187.48
Net income (Net loss) attributable to the parent company	696,184,803.94	314,469,520.86	446,429,901.41	(56,000,003.00)	32,210,226.66	(90,454,006.45)
Other comprehensive income attributable to the parent company	(317,288,258.96)	-	-	22,677,750.00	-	-
Total comprehensive income attributable to the parent company	<u>378,896,544.97</u>	<u>314,469,520.86</u>	<u>446,429,901.41</u>	<u>(33,322,253.00)</u>	<u>32,210,226.66</u>	<u>(90,454,006.45)</u>
Dividends received from associates in the current period	34,190,139.60	-	-	68,380,279.20	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

VIII. EQUITY IN OTHER ENTITIES (CONTINUED)

2. Equity in associates (Continued)

(2) Financial information of significant associates (Continued)

Other explanations:

The shareholders' equity and the net profit attributable to Yanjiang Company are the net amount which has deducted the 40% of the equity of Zhangjiagang Port Expressway owned by Zhangjiagang Municipal Public Assets Management Co., Ltd. and 30% of the equity of Taicang Port Expressway owned by Suzhou Taicang Port Shugang Expressway Co., Ltd. The Group still owns 27.6% of shareholders equity and enjoy the net income of the shareholders' equity accordingly.

(3) Financial information of non-significant associates

Unit: RMB

	30 June 2021/ Amount recognized in the current period	31 December 2020/ Amount recognized in the prior period
Associates:		
Total net book value of the investment	1,174,548,889.36	1,146,104,892.49
Total amount of the following items calculated according to the proportion of shareholding		
Net profit	40,943,996.87	19,816,821.08
Other comprehensive income	—	—
Total comprehensive income	<u>40,943,996.87</u>	<u>19,816,821.08</u>

(4) Explanations on significant restrictions to the ability of transferring funds to the Group from associates

There is no significant restrictions to the ability of transferring funds to the Group from associates.

(5) Contingent liabilities related to associates

There is no contingent liabilities related to associates.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

IX. RISKS RELATED TO FINANCIAL INSTRUMENTS

The Group's major financial instruments include cash and bank balances, held-for-trading financial assets, other non-current financial assets, other equity instruments, notes receivables, accounts receivable, other receivables, borrowings, bonds payable, accounts payable, other payables (excluding dividends payable) etc. Details of these financial instruments are disclosed in note VI. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored at a certain level.

Unit: RMB

	30 June 2021	31 December 2020
Financial assets		
Financial assets measured at fair value through profit or loss		
Held-for-trading financial assets	3,752,697,533.80	1,533,818,523.40
Other non-current financial assets	<u>2,396,998,435.32</u>	<u>2,039,192,599.15</u>
Financial assets measured at fair value through other comprehensive income		
Investments in other equity instruments	<u>6,806,710,952.71</u>	<u>5,471,025,963.66</u>
Financial assets measured at amortized costs		
Notes receivable	9,660,000.00	10,859,500.00
Accounts receivable	294,446,531.38	309,072,553.64
Other receivables	<u>75,408,645.58</u>	<u>69,332,773.51</u>
Financial liabilities		
Financial liabilities measured at amortized costs		
Short-term borrowings	1,614,248,917.01	1,475,103,433.33
Notes payable	24,950,000.00	38,400,000.00
Accounts payable	2,637,305,575.29	1,701,582,093.30
Other payables	180,111,643.53	146,846,966.11
Non-current liabilities due within one year and etc.	315,655,575.04	1,103,456,242.14
Other current liabilities	7,083,129,778.00	8,257,078,476.00
Long-term borrowings	12,734,787,411.50	11,545,381,743.39
Bonds payable	<u>3,980,374,664.00</u>	<u>1,984,606,358.58</u>

The Group adopts sensitivity analysis technique to analyze how the profit and loss for the period and shareholders' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Risk management objectives and policies

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimize the adverse impacts of risks on the Group's operation performance, and maximize the benefits of the shareholders and other stakeholders. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyses the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, and implement risk management, and monitors regularly and effectively these exposures to ensure the risks are monitored at a certain level.

1.1 Market risk

1.1.1 Currency risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Group's exposure to the currency risk is primarily associated with borrowings and bank deposits denominated in USD and HKD while the Group's other principal activities are denominated and settled in RMB. As at 30 June 2021, the balance of the Group's assets and liabilities are both denominated in RMB except that the assets and liabilities set out below are denominated in USD and HKD. Currency risk arising from the assets and liabilities denominated in foreign currencies may have impact on the Group's performance.

As at balances sheet date, the balance of the Group's assets and liabilities in foreign currency are set out below:

Unit: RMB

	30 June 2021	31 December 2020
Cash and bank balances	771,100.61	707,143.19
Non-current liabilities due within one year	1,600,560.97	1,616,615.88
Long-term borrowings	<u>10,403,646.92</u>	<u>11,316,311.81</u>

1.1.2 Interest rate risk - risk of changes in cash flows

The Group's cash flow interest rate risk of financial instruments relates primarily to variable-rate long-term bank borrowings of RMB10,176,208,333.00 as at 30 June 2021 (31 December 2020: RMB8,835,580,000.00). It is the Group's policy to keep its borrowings at floating rate of interests so as to eliminate the fair value interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Risk management objectives and policies (Continued)

1.1 Market risk (Continued)

1.1.3 Other price risk

The Group's financial assets at fair value through profit or loss are measured at fair value at the end of the reporting period. Therefore, the Group is exposed to market price risk. The Group established an internal investment division and a designated team are assigned to monitor closely the price movement of its investment. In this regard, the directors of the Group consider that the Group's price risk is mitigated.

1.2 Credit risk

As at 30 June 2021, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees (does not consider the available collaterals and other credit enhancements) issued by the Group is arising from: The carrying amount of the respective recognized financial assets as stated in the Group's consolidated balance sheet. The amount of financial guarantees contract related to real estate sales disclosed in Note XII "Contingencies". At the balance sheet date, the carrying value of the group's financial assets already represents its maximum credit risk exposure.

In order to minimize the credit risk, the Group has determined credit limits, made credit approvals and took other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of financial assets at each balance sheet date to ensure that adequate provision for expected credit losses are made for financial assets. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

In addition, the credit risk on liquid funds is limited because they are deposited with banks with high credit ratings.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Risk management objectives and policies (Continued)

1.3 Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

Loans are main source of funding for the Group. As at 30 June 2021, the Group has available unutilized bank loan facilities of approximately RMB42,730,893,900.00 (31 December 2020: RMB43,461,820,000.00). Meanwhile, medium term notes, super short-term bonds and etc. are important source of funding for the Group. As at 30 June 2021, the limit of super short-term bonds registered in National Association of Financial Market Institutional Investors ("NAFII") but not issued by the Group is approximately RMB5,970,000,000.00 (31 December 2020: RMB4,770,000,000.00), the limit of medium-term bills registered in NAFII but not issued by the Group is approximately RMB1,000,000,000.00 (December 31, 2020: RMB2,000,000,000.00 yuan); the limit of corporate bonds registered with China Securities Regulatory Commission but not yet issued is RMB700,000,000.00 (December 31, 2020: RMB0).

As at 30 June 2021, the Group had net current liabilities of RMB5,373,935,064.80 (31 December 2020: RMB6,495,901,174.32), the Group has taken the following measures to reduce liquidity risk.

- The Group has available unutilized bank loan facilities of approximately RMB34,044,634,900.00 with a credit time limit over one year.
- The Group has NAFMII-registered but not issued super short-term bonds of approximately RMB4,270,000,000.00 with a registration time limit over one year.
- The Group has NAFMII-registered but not issued medium term notes of approximately RMB1,000,000,000.00 with a registration time limit over one year.
- The Group has been China Securities Regulatory Commission registered but not issued corporate bonds of approximately RMB7,000,000,000.00 with a registration time limit over one year.

To sum up, the management considers that the liquidity risk of the Group is greatly reduced. The financial statements have been prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

X. DISCLOSURE ON FAIR VALUE

1. Fair value of assets and liabilities measured at fair value at the year end

Unit: RMB

Item	30 June 2021			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
Continuous fair value measurement				
(I) Financial assets at FVTPL	34,897,533.80	3,717,800,000.00	2,396,998,435.32	6,149,695,969.12
1. Held-for-trading financial assets	34,897,533.80	3,717,800,000.00	–	3,752,697,533.80
(1) Investments in fund and gold	34,877,907.20	–	–	34,877,907.20
(2) New shares	19,626.60	–	–	19,626.60
(3) Financial products	–	3,717,800,000.00	–	3,717,800,000.00
2. Other non-current financial assets	–	–	2,396,998,435.32	2,396,998,435.32
(II) Investment in other equity instruments	5,589,910,952.71	–	1,216,800,000.00	6,806,710,952.71
Total assets continuously measured at fair value	<u>5,624,808,486.51</u>	<u>3,717,800,000.00</u>	<u>3,613,798,435.32</u>	<u>12,956,406,921.83</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent of the Company

Unit: RMB

Name of the parent	Place of incorporation	Nature of business	Registered capital	Proportion of the Company's ownership interest held by the parent (%)	Proportion of the Company's voting power held by the parent (%)
Communications Holding	Nanjing, Jiangsu Province	Investment, construction, operation and management of traffic infrastructure, transportation and other relevant industry	16,800,000,000.00	54.44	54.44

The ultimate control party of the Company is Communications Holding.

2. Subsidiaries of the Company

Details of the subsidiaries of the Company are set out in Note VIII.

3. Associates of the entity

Details of the significant associates of the Company are set out in Note VIII.

Other associates that have closing balance with the Group due to related party transactions in the current or prior year are as follows:

Name of associates	Related party relationship
Kuailu Company	Associate
Xiexin Ninghu Company	Associate
Nanlin Hotel	Associate
Xiandai R&B Company*	Associate
Network Operation Company.*	Associate
Yanjiang Company	Associate and same ultimate shareholder
Suzhou Expressway Management	Associate
Yangtze Bridge Company*	Associate and same ultimate shareholder
Luode Fund Company	Associate
Media Company*	Associate
Group Finance Company*	Associate and same ultimate shareholder

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Other related parties of the Company

Name of other related party	Relationship between other related parties and the Company
Tongxingbao Smart Transportation Science & Technology Co., Ltd. ("Tongxingbao Company")*	Same ultimate shareholder
Jiangsu Petroleum Company*	Same ultimate shareholder
Sutong Bridge Company	Same ultimate shareholder
Jiangsu Taizhou Bridge Co., Ltd. ("Taizhou Bridge Company")	Same ultimate shareholder
Jiangsu Expressway Information Engineering Co., Ltd. ("Information Company")*	Same ultimate shareholder
Jiangsu Expressway Engineering Maintenance Technology Co., Ltd. ("Maintenance Technology Company")*	Same ultimate shareholder
Jiangsu Huatong Engineering Testing Co., Ltd. ("Huatong Company")*	Same ultimate shareholder
Jiangsu Jinghu Expressway Co., Ltd. ("Jinghu Company")	Same ultimate shareholder
Jiangsu Railway Group Co., Ltd. (Railway Group Company)*	Same ultimate shareholder
Sundian Engineering Testing Co., Ltd. (Engineering Testing Company)*	Same ultimate shareholder
Suzhou Circular Expressway Co., Ltd. ("Suzhou Circular Company")	Same ultimate shareholder
Nanjing Micro Video Technology Co., Ltd. ("Micro Video company")	Same ultimate shareholder
Taixing Hechang Petroleum Sales Co., Ltd. ("Taixing Hechang Petroleum Company")*	Same ultimate shareholder
Jiangsu Highway Engineering Maintenance Co., Ltd. ("Engineering Maintenance Company")	Same ultimate shareholder
Jiangsu Hutong Bridge Co., Ltd. ("Hutong Bridge Company")*	Same ultimate shareholder
Husuzhe Expressway	Same ultimate shareholder
Jiangsu Communication Holdings Business Operation Management Co., Ltd. ("Communication Holdings Business Operation Company")	Same ultimate shareholder
Jiangsu Communication Holdings Human Resources Development Co., Ltd. ("Communication Holdings Human Resources Company")	Same ultimate shareholder
Jiangsu East Road&Bridge construction and maintenance Co., Ltd. ("East Bridge Company")	Same ultimate shareholder
Jiangsu Xitai Tunnel Co., Ltd. ("Xitai Tunnel")	Same ultimate shareholder

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions

(1) Sales and purchase of goods, provision and receipt of services, interest income and expense of loans with related parties

Purchase of goods, receipt of services and interest expense of loans with related parties:

Unit: RMB

Related party	Type of related party transactions	Amount recognized in the current period	Amount recognized in the prior period
Xiandai R&B Company*	Road maintenance fee	185,132,569.06	107,755,443.34
Xiandai R&B Company*	Material acquisition fee	18,099,275.56	–
Network Operation Company*	Maintenance and operating administration fees for toll collection system	12,933,990.00	12,105,411.00
Tongxingbao Company*	Maintenance and operating administration fees for toll collection system	16,856,742.20	8,196,411.03
Maintenance Technology Company*	Road maintenance fee	6,376,700.00	2,467,000.00
Information Company*	Communication system maintenance fee	6,553,681.81	9,228,780.57
Huatong Company*	Cost for replacement of bridge bearings	1,832,346.33	–
Kuailu Company	Transportation service rental fee	2,401,180.00	560,731.00
Micro Video Company*	Transformation cost of machine room and office	–	458,430.00
Communication Holdings	Interest expense on borrowings from related parties	56,655,910.73	33,004,843.17
Communication Holdings	Cloud platform service fee	951,417.58	–
Group Financial Company*	Interest expense of working capital loan	3,497,185.37	14,555,945.83
Sutong Bridge Company	Interest expense of entrusted loan	5,932,000.00	1,903,125.00
Husuzhe Expressway	Interest expense of entrusted loan	1,759,722.23	–
Communication Holdings Human Resources Company	Training fee	283,886.60	–
East Bridge Company	Project funds, etc	4,784,497.90	–

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(1) Sales and purchase of goods, provision and receipt of services, interest income and expense of loans with related parties (Continued)

Pricing and decision-making procedures of related party transactions: For significant related party transactions, the price is settled by public tender bid price, or for reference of quote from independent, qualified construction provider after arm's length negotiation in principle that less than relevant market price. The Board Meeting should review and approve the quote and the related director should abstain from voting. The independent directors should then express an independent opinion. For all related party transactions, the price is settled by signed contracts.

Sales, rendering of services and interest income of borrowings/loans with related parties:

Unit: RMB

Related party	Type of related party transactions	Amount recognized in the current period	Amount recognized in the prior period
Group Finance Company*	Interest income from deposits	1,744,627.23	1,379,796.08
Kuailu Co., Ltd.	Toll road income	3,633.27	95,029.12
Tongxingbao Company*	ETC customer-service network management income	325,793.09	279,660.96
Media Company*	Advertising income	21,223,668.00	21,513,202.29
Yangtze Bridge Company*	Entrusted management income	6,246,415.09	5,935,566.04
Hutong Bridge Company	Entrusted management income	3,291,415.09	674,528.30
Xiandai R&B Company*	Fuel income	570,476.60	562,255.36
Luode Fund Company	Fuel income	1,301.20	340.38
Xitai Tunnel	Entrust operator to manage income	193,396.23	—

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(2) Leases with related parties

The Group as the lessor:

Unit: RMB

Name of lessee	Type of leased assets	Lease income recognized in the 2021	Lease income recognized in the 2020
Jiangsu Petroleum Company*	Fixed assets	9,362,661.11	8,697,558.03
Taixing Hechang Petroleum Company*	Fixed assets	1,832,912.86	1,979,714.43
Railway Group Company*	Fixed assets	1,956,716.68	1,806,200.00
Xiandai R&B Company*	Fixed assets	845,000.00	845,000.00
Engineering Testing Company*	Fixed assets	–	231,746.01
Media Company*	Fixed assets	–	3,205,871.56

The Group as the lessee:

Unit: RMB

Name of lessee	Type of leased assets	Lease cost recognized in the 2021	Lease cost recognized in the 2020
Communication Holdings Business Operation Company*	Fixed assets	1,772,233.20	–

(3) Guarantees with related parties

The Group as the guaranteed party:

Guarantor	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
Communications Holding	USD1,858,207.75	15 October 1998	18 July 2027	Not completed

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4) Borrowings/loans with related parties

In the current year:

Unit: RMB

Related party	Amount of borrowing/loan (Note)	Inception date	Maturity date	Balance at 30 June 2021	Remarks
Borrowed from (repaid to) Group Finance Company	(50,000,000.00)	24 November 2020	26 February 2021	-	Borrowings from a related party with annual interest rate of 3.550%
Group Finance Company	(100,000,000.00)	25 November 2020	2 June 2021	-	Borrowings from a related party with annual interest rate of 3.550%
Group Finance Company*	100,000,000.00	17 March 2021	16 March 2022	100,000,000.00	Borrowings from a related party with annual interest rate of 3.15%
Group Finance Company*	100,000,000.00	21 April 2021	20 April 2022	100,000,000.00	Borrowings from a related party with annual interest rate of 3.15%
Group Finance Company*	100,000,000.00	15 June 2021	14 June 2022	100,000,000.00	Borrowings from a related party with annual interest rate of 3.15%
Group Finance Company*	10,000,000.00	13 April 2021	12 April 2022	10,000,000.00	Borrowings from a related party with annual interest rate of 3.15%
Sutong Bridge Company	(50,000,000.00)	1 December 2020	30 November 2021	140,000,000.00	Borrowings from a related party with annual interest rate of 3.60%
Sutong Bridge Company	180,000,000.00	2 December 2020	1 December 2021	180,000,000.00	Borrowings from a related party with annual interest rate of 3.60%
Husuzhe Expressway	100,000,000.00	1 December 2020	30 November 2021	100,000,000.00	Borrowings from a related party with annual interest rate of 3.50%

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4) Borrowings/loans with related parties (Continued)

Related party	Amount of borrowing/loan (Note)	Inception date	Maturity date	Balance at 30 June 2021	Remarks
Communications Holding	-	14 November 2018	24 October 2023	500,000,000.00	Borrowings from a related party with annual interest rate of 4.43%
Communications Holding	-	8 November 2019	29 August 2024	100,000,000.00	Borrowings from a related party with annual interest rate of 3.76%
Communications Holding	50,000,000.00	22 July 2020	22 July 2025	50,000,000.00	Borrowings from a related party with annual interest rate of 3.85%
Communications Holding	-	14 November 2018	24 October 2023	300,000,000.00	Borrowings from a related party with annual interest rate of 4.43%
Communications Holding	200,000,000.00	22 July 2020	22 July 2025	200,000,000.00	Borrowings from a related party with annual interest rate of 3.85%
Communications Holding	-	5 December 2012	3 December 2022	250,000,000.00	Borrowings from a related party with annual interest rate of 5.50%
Communications Holding	-	17 May 2013	15 May 2023	250,000,000.00	Borrowings from a related party with annual interest rate of 5.30%
Communications Holding	550,000,000.00	21 June 2020	23 July 2025	550,000,000.00	Borrowings from a related party with annual interest rate of 3.85%
Communications Holding	500,000,000.00	28 May 2020	29 May 2035	500,000,000.00	Borrowings from a related party with annual interest rate of 3.45%

Note: When the Group is the borrower, the positive amount represents borrowing from a related party while the negative amount represents repayment to a related party; When the Group is the lender, positive amount represents lending to a related party while the negative amount represents collecting the money from a related party.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(5) Compensation for key management personnel

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Compensation for key management personnel	4,157,800.00	2,445,398.00

(6) Other explanations

* Representing the connected transaction as defined in Chapter 14A of the Listing Rules.

6. Amounts due from/to related parties

(1) Amounts due from related parties

Unit: RMB

Account	Related party	30 June 2021 Carrying amount	31 December 2020 Carrying amount
Bank deposits (Note 1)	Group Finance Company*	301,847,981.85	137,498,011.11
Accounts receivable (Note 2)	Jiangsu Petroleum Company* (Note 3)	3,919,031.76	4,291,421.01
	Suzhou Expressway Company	3,230,078.20	3,509,922.55
	Yanjiang Company	497,251.66	226,683.55
	Yangtze Bridge Company*	6,621,200.00	15,643,915.36
	Hutong Bridge Company	3,488,900.00	2,090,400.00
	Kuailu Co., Ltd.	48,058.17	49,929.40
	Luode Fund Company	759.02	334.02
	Xiandai R&B Company*	844,999.98	-
	Media Company*	3,661,081.07	2,982,300.00
	Taixing Hechang Petroleum Company* (Note 3)	1,832,912.86	1,425,207.62
	Engineering Testing Company*	124.92	27,692.92
	Railway group	1,956,716.68	-
	Tongxingbao Company	366,736.11	-
	Xitai Tunnel	205,000.00	-
	Sub-total	26,672,850.43	30,247,806.43

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

(1) Amounts due from related parties (Continued)

Account	Related party	30 June 2021 Carrying amount	31 December 2020 Carrying amount
Prepayments	Information Company*	750,000.00	2,550,000.00
	Tongxingbao Company*	13,136.43	5,528.47
	Xiandai R&B Company	18,099,275.56	–
	Sub-total	18,862,411.99	2,555,528.47
Dividends receivable	Kuailu Company	4,989,960.00	4,989,960.00
	Yangtze Bridge Company	34,190,139.60	–
	Sub-total	39,180,099.60	4,989,960.00

Note 1: In current period, a financial service agreement was signed and concluded between the Group and Group Finance Company, in which Group Finance Company would provide financial service to the Group such as deposit, credit and so on. The Company's subsidiaries, Guangjing Xicheng Company, Ningchang Zhenli Company, Changyi Company and Yichang Company have also participated in this agreement. As at 30 June 2021, the Group has deposited RMB301,847,981.85 (31 December 2020: RMB137,498,011.11) in Group Finance Company in accordance with the financial service agreement.

Note 2: As at 30 June 2021, besides the accounts receivable from related party stated above, there are split toll road fee receivables from Suzhou Circular Company, Nanjing fourth Yangtze River Bridge Company Limited and other expressway companies within the toll road network companies ("Toll Road Network Companies") which amounted to RMB140,190,571.55 (31 December 2020: RMB163,142,123.08). The ultimate shareholder of those Toll Road Network Companies is Communications Holding, except for which the Company has no other control, joint control or significant influence relationship with them.

Note 3: As at 30 June 2021, the book balances with Jiangsu Petroleum Company and Taixing Hechang Petroleum Company are lease receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

(2) Amounts due to related parties

Unit: RMB

Account	Related party	30 June 2021	31 December 2020
Accounts payable (Note)	Xiandai R&B Company*	143,494,066.18	258,033,523.85
	Yangtze Bridge Company*	340,512.87	392,525.03
	Yanjiang Company	258,335.67	1,051,989.82
	Information Company*	11,007,706.71	11,583,646.79
	Suzhou Expressway Company	129,902.74	73,265.87
	Network Operation Company.*	7,948,998.00	2,185,555.00
	Tongxingbao Company*	6,927,681.53	3,017,404.89
	Kuailu Company	2,676,589.67	871,850.00
	Micro Video Company*	6,263,435.88	7,094,019.44
	Maintenance Technology Company*	6,041,396.59	140,000.00
	Huatong Company*	3,480,984.59	–
	Media Company*	–	74,833.33
	Communication Holding	500,000.00	–
	Sub-total		189,069,610.43
Contract liabilities	Kuailu Company	–	458,689.67
	Xiandai R&B Company*	–	80,000.00
Sub-total		–	538,689.67

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

(2) Amounts due to related parties (Continued)

Account	Related party	30 June 2021	31 December 2020
Other payables	Communication Holding*	46,254,130.40	9,941,712.30
	Tongxingbao Company*	243,785.00	785,334.00
	Network Operation Company.*	1,140.00	1,140.00
	Xiandai R&B Company*	5,442,362.80	4,240,337.64
	Luode Fund Company	10,000,000.00	10,000,000.00
	Huatong Engineering Information Company*	100,120.80	-
		840,161.11	-
	Sub-total	<u>62,881,700.11</u>	<u>24,968,523.94</u>
Short-term borrowings	Group Finance Company*	310,274,027.78	150,142,000.00
	Sutong Bridge Company	320,320,000.00	370,407,000.00
	Husuzhe Expressway	100,097,222.23	100,106,944.44
	Sub-total	<u>730,691,250.01</u>	<u>620,655,944.44</u>
Long-term borrowings (including long-term borrowings due within 1 year)	Communications Holding	2,718,384,130.20	2,721,430,637.24

Note: As of 30 June 2021, besides the accounts payable to related party stated above, there are split toll road fee payables to other Toll Road Network Companies which amounted to RMB42,420,431.55 (31 December 2020: RMB2,170,537.54). The ultimate shareholder of those Toll Road Network Companies is Communications Holding, except for which these Toll Road Network Companies has no other control, joint control or significant influence relationship with them.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XII. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

(1) Capital commitments

Unit: RMB

	30 June 2021	31 December 2020
Capital commitments that have been entered into but have not been recognized in the financial statements		
– Commitment for acquisition and construction of long-term assets	<u>5,281,596,830.86</u>	<u>19,341,446,316.53</u>

2. Contingencies

(1) Significant contingencies at the balance sheet date

Ninghu Properties and Hanwei Company, the subsidiaries of the Company provide joint and several liability guarantees to banks for bank borrowings granted to buyers of properties in accordance with real estate business practices. The obligation begins from the date on which the guarantee contract comes into effect and will end when the buyers obtain certifications of the purchased properties and complete registration of mortgage and pass the properties warrants certification to bank. As at 30 June 2021, the outstanding guarantees amounted to approximately RMB566,972,419.67 (31 December 2020: RMB595,334,261.33).

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XIII. OTHER SIGNIFICANT EVENTS

1. Annuity scheme

See Note VI 25.

2. Basic endowment insurance

See Note VI 25.

3. Net Profit for the period has been arrived at after charging:

Unit: RMB

Item	Current period	Prior period
Staff costs (Include: directors' emoluments)	402,488,957.57	379,883,226.20
Basic endowment insurance and annuity payment	75,812,259.90	51,483,959.38
Total staff costs	478,301,217.47	431,367,185.58
Audit fee	—	—
Depreciation and amortization (Included in operating costs and administrative expenses)	906,131,265.67	788,613,839.03
Losses on disposal of non-current assets	2,033.85	—
Amortization of land use rights (Included in operating costs and administrative expenses)	32,279,811.32	32,329,111.32
Sales cost of inventories	568,202,968.74	510,446,024.24

4. Segment reporting

(1) Determining basis and accounting policy of reporting segment

Based on the Group's internal organization structure, management requirements and internal reporting system, the operations of the Group are classified into 12 operating segments. The Group's management periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance. On the basis of the operating segment, the Group determines 12 reporting segments (2020: 12) based on the standard with which the Group's management determines resources allocation and performance assessment, including Shanghai-Nanjing Expressway, Guangjing Expressway and Xicheng Expressway, Xiyi Expressway and Wuxi Huantaihu Expressway, Ningchang Expressway and Zhenli Expressway, Zhendan Expressway, Wufengshan Expressway, Changyi Expressway, Yichang Expressway, Longtan Bridge, Ancillary services (including petrol, food and retail in service zones along the expressways), Real estate development and advertising and others. These reporting segments are determined based on standards of resources allocation and performance assessment by the management.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Segment reporting (Continued)

(1) Determining basis and accounting policy of reporting segment (Continued)

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management. The measurement criteria are consistent with the accounting and measurement criteria in the preparation of the financial statements.

(2) Financial information of reporting segment

Unit: RMB

	Shanghai-Nanjing Expressway		Guangjing Expressway and Xicheng Expressway		Xiji Expressway and Wuxi Huantaihu Expressway		Changyi Expressway		Yichang Expressway		Ningchang Expressway and Zhenli Expressway	
	Current period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period
	Segment operating income	2,572,116,454.12	1,176,273,277.15	452,468,020.00	238,218,656.79	230,892,160.35	89,898,635.01	38,746,551.00	-	50,311,054.80	-	661,234,618.37
Operating costs	795,750,752.45	649,622,193.65	103,797,953.49	111,470,130.86	149,829,716.79	101,726,699.57	39,692,703.10	-	69,313,250.82	-	297,498,419.67	317,048,082.41
Including: Amortization of toll roads operation rights	302,741,554.21	287,233,503.50	53,382,755.23	60,542,922.89	68,526,942.67	61,467,464.85	33,271,015.03	-	60,054,349.14	-	219,748,421.80	237,873,041.17
Costs of petrol and other goods sold in service zones	-	-	-	-	-	-	-	-	-	-	-	-
Segment operating profit (loss)	1,776,365,701.67	532,651,083.50	348,670,066.51	126,748,525.93	81,062,443.56	(7,828,064.56)	(946,152.10)	-	(19,002,196.02)	-	363,736,198.50	(67,488,449.97)
Reconciling items:												
Less: Taxes and levies	9,259,619.23	4,234,583.80	1,628,884.87	857,587.16	831,211.78	338,035.09	139,487.58	-	181,119.80	-	2,380,444.63	898,414.68
Selling expenses	-	-	-	-	-	-	-	-	-	-	-	-
Administrative expenses	34,829,032.32	36,673,012.64	-	-	-	-	-	-	-	-	-	-
Financial expenses	-	-	-	-	-	-	-	-	-	-	-	-
Add: Other income	9,523,372.29	6,428,305.34	15,874.00	532,389.58	-	-	-	-	-	-	2,459,920.27	1,157,610.51
Investment income	-	-	-	-	-	-	-	-	-	-	-	-
Gains or losses from changes in fair values	-	-	-	-	-	-	-	-	-	-	-	-
Impairment reversals (losses) of credit	-	-	-	-	-	-	-	-	-	-	-	-
Impairment loss of assets	-	-	-	-	-	-	-	-	-	-	-	-
Gains (losses) from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit	1,741,800,422.41	498,171,792.40	347,057,055.64	126,423,308.35	80,231,231.78	(8,166,099.65)	(1,085,639.68)	-	(19,183,315.82)	-	363,815,674.14	(67,229,254.14)
Non-operating income	-	-	-	-	-	-	-	-	-	-	-	-
Non-operating expenses	-	-	-	-	-	-	-	-	-	-	-	-
Total profit	1,741,800,422.41	498,171,792.40	347,057,055.64	126,423,308.35	80,231,231.78	(8,166,099.65)	(1,085,639.68)	-	(19,183,315.82)	-	363,815,674.14	(67,229,254.14)
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-
Net profit	1,741,800,422.41	498,171,792.40	347,057,055.64	126,423,308.35	80,231,231.78	(8,166,099.65)	(1,085,639.68)	-	(19,183,315.82)	-	363,815,674.14	(67,229,254.14)
Total segment assets	9,120,131,913.24	9,338,559,144.11	840,592,340.71	946,419,951.73	1,621,067,648.54	1,689,536,140.13	3,898,039,797.93	3,900,767,681.55	4,020,826,861.59	2,896,568,864.06	4,685,613,880.30	5,108,236,089.36

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Segment reporting (Continued)

(2) Financial information of reporting segment (Continued)

Unit: RMB

	Zhendan Expressway		Wufengshan Bridge		Wufengshan Bridge		Ancillary services	
	Current period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period
Segment operating income	45,138,428.10	19,650,511.35	4,386.65	-	-	-	702,455,980.21	611,871,621.75
Operating costs	29,369,673.00	23,168,281.86	1,057,282.02	-	-	-	606,773,729.36	525,002,197.70
Including: Amortization of toll roads operation rights	16,728,846.30	15,291,607.89	980,700.67	-	-	-	-	-
Costs of petrol and other goods sold in service zones	-	-	-	-	-	-	469,072,174.35	396,397,425.11
Segment operating profit (loss)	15,768,755.10	(3,517,770.51)	(1,052,895.37)	-	-	-	95,682,250.85	86,869,424.05
Reconciling items:								
Less: Taxes and levies	162,498.34	70,741.84	15.79	-	-	-	3,548,292.48	4,925,345.53
Selling expenses	-	-	-	-	-	-	-	-
Administrative expenses	-	-	-	-	-	-	-	-
Financial expenses	-	-	-	-	-	-	-	-
Add: Other income	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Gains or losses from changes in fair values	-	-	-	-	-	-	-	-
Impairment reversals (losses) of credit	-	-	-	-	-	-	-	-
Impairment loss of assets	-	-	-	-	-	-	-	-
Gains (losses) from disposal of assets	-	-	-	-	-	-	-	-
Operating profit	15,606,256.76	(3,588,512.35)	(1,052,911.16)	-	-	-	92,133,958.37	81,944,078.52
Non-operating income	-	-	-	-	-	-	-	-
Non-operating expenses	-	-	-	-	-	-	-	-
Total profit	15,606,256.76	(3,588,512.35)	(1,052,911.16)	-	-	-	92,133,958.37	81,944,078.52
Income tax expenses	-	-	-	-	-	-	-	-
Net profit	15,606,256.76	(3,588,512.35)	(1,052,911.16)	-	-	-	92,133,958.37	81,944,078.52
Total segment assets	1,496,864,803.32	1,513,593,649.62	12,736,948,185.86	11,475,593,425.01	1,722,967,568.72	1,338,064,187.44	577,829,996.02	375,533,647.53

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Segment reporting (Continued)

(2) Financial information of reporting segment (Continued)

Unit: RMB

	Real estate development		Advertising and others		Unallocated items		Total	
	Current period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period
Segment operating income	251,537,118.91	239,598,650.73	56,859,939.49	39,280,087.28	-	-	5,061,764,712.00	2,668,351,072.50
Operating costs	89,306,984.48	110,236,786.05	37,710,604.13	27,015,850.09	-	-	2,220,101,069.51	1,859,290,222.19
Including: Amortization of toll roads operation rights	-	-	-	-	-	-	748,054,073.64	662,408,540.30
Costs of petrol and other goods sold in service zones	-	-	-	-	-	-	469,072,174.35	396,397,425.11
Segment operating profit (loss)	162,230,134.43	129,361,864.68	19,149,335.36	12,264,237.19	-	-	2,841,663,642.49	809,060,850.31
Reconciling items:								
Less: Taxes and levies	44,470,474.00	26,779,640.26	664,446.48	1,154,004.85	-	-	63,266,494.98	39,258,353.21
Selling expenses	13,038,092.98	8,977,337.47	-	-	-	-	13,038,092.98	8,977,337.47
Administrative expenses	-	-	-	-	39,015,939.63	37,158,398.04	73,844,971.95	73,831,410.68
Financial expenses	-	-	-	-	293,958,394.97	256,387,221.40	293,958,394.97	256,387,221.40
Add: Other income	50,318.49	216,411.69	-	-	65,851.65	1,052,745.12	12,115,336.70	9,387,442.24
Investment income	-	-	-	-	712,266,896.33	147,761,973.92	712,266,896.33	147,761,973.92
Gains or losses from changes in fair values	-	-	-	-	314,007,325.26	50,461,176.80	314,007,325.26	50,461,176.80
Impairment reversals (losses) of credit	-	-	-	-	-	-	-	-
Impairment loss of assets	-	-	-	-	-	-	-	-
Gains (losses) from disposal of assets	(2,033.85)	-	-	-	-	-	(2,033.85)	-
Operating profit	104,769,852.09	93,821,298.64	18,484,888.88	11,110,232.34	693,365,738.64	(94,269,723.60)	3,435,943,212.05	638,217,120.51
Non-operating income	-	-	-	-	7,809,364.22	29,557,223.53	7,809,364.22	29,557,223.53
Non-operating expenses	-	-	-	-	8,115,468.09	9,752,929.55	8,115,468.09	9,752,929.55
Total profit	104,769,852.09	93,821,298.64	18,484,888.88	11,110,232.34	693,059,634.77	(74,465,429.62)	3,435,637,108.18	658,021,414.49
Income tax expenses	-	-	-	-	734,392,901.87	173,933,369.86	734,392,901.87	173,933,369.86
Net profit	104,769,852.09	93,821,298.64	18,484,888.88	11,110,232.34	(41,333,267.10)	(248,398,799.48)	2,701,244,206.31	484,088,044.63
Total segment assets	4,528,727,025.54	2,788,804,491.62	3,352,265,057.30	2,741,818,417.41	18,896,148,774.57	16,982,064,675.59	67,498,023,853.64	61,095,560,365.16

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Segment reporting (Continued)

(2) Financial information of reporting segment (Continued)

Segment profit represents the gross profit earned by each segment without allocation of finance costs, investment income, profit or loss from changes in fair value and administrative expenses. This is the measure reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performances and allocating resources between segments, assets are allocated to segments other than long-term equity investment, held-for-trading financial assets and cash and bank balances etc., Segment liabilities are not allocated to segments for the Group's decision-maker has not consider liabilities of each segment when making decisions.

(3) External revenue by geographical area of source and non-current assets by geographical location

All income and assets of the Group are from/located in Jiangsu Province.

(4) Degree of reliance on major customers

The principle activities are toll roads operation and ancillary services along toll roads etc., therefore, there is no reliance on specific customers

5. Capital risk management

The Group operates through the management of capital operations to ensure the going-concern of the entities of the group, and to maximize the return on investment by optimizing the balance between debt and equity.

The capital structure of the Group consists of net liabilities (borrowings offset cash and cash equivalents) as well as equity held by the Group's shareholders. The borrowings part of net liabilities is disclosed in Note VI 20, 21, 28, 29, 30 and 31. Rights enjoyed by the shareholders of the Company includes capital reserve, other comprehensive income, surplus reserves, general risk reserve and retained profits disclosed in Note VI 36, 37, 38, 39 and 40 for disclosure.

- The directors of the Company review the capital structure of the Group regularly, especially each capital cost and the corresponding risk. According to shareholder's proposal, the Group balances the capital structure through dividends, the issue of new bonds and repayment of existing debt.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(1) Disclosure of accounts receivable by aging

Unit: RMB

Aging	30 June 2021			Book value
	Amount	Proportion (%)	Provision for credit impairment	
Within one year	259,095,696.06	96.32	235,047.87	259,008,591.19
1-2 years	9,895,618.59	3.68	8,980.23	9,738,695.36
Total	<u>268,991,314.65</u>	<u>100.00</u>	<u>244,028.10</u>	<u>268,747,286.55</u>

(2) Disclosed according to the classification of bad debt provision method:

Unit: RMB

Category	30 June 2021			Book value
	Amount	Proportion (%)	Provision for credit impairment	
Bad debt provision is made on an individual basis	-	-	-	-
Bad debt provision is made on a collective basis	268,991,314.65	100.00	244,028.10	268,747,286.55
Total	<u>268,991,314.65</u>	<u>100.00</u>	<u>244,028.10</u>	<u>268,747,286.55</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

(2) Disclosed according to the classification of bad debt provision method: (Continued)

Category	Amount	Proportion (%)	31 December 2020		Book value
			Provision for credit impairment	Proportion (%)	
Bad debt provision is made on an individual basis	-	-	-	-	-
Bad debt provision is made on a collective basis	288,888,273.53	100.00	244,028.10	100.00	288,644,245.43
Total	288,888,273.53	100.00	244,028.10	100.00	288,644,245.43

(3) Analysis of provision for credit impairment:

Unit: RMB

Provision for credit impairment	Not credit- impaired Lifetime expected credit loss	Credit- impaired Lifetime expected credit loss	Total
At 1 January 2021	244,028.10	-	244,028.10
Provisions	-	-	-
Transfer-out upon derecognition of financial assets	-	-	-
At 30 June 2021	244,028.10	-	244,028.10

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

1. Accounts receivable (Continued)

(4) Top five entities with the largest balances of accounts receivable

Unit: RMB

Name of entity	Amount	Provision for credit impairment	Proportion of total accounts receivable (%)
Jiangsu Expressway Network Operation and Management Co., Ltd. ("Network Operation Company")	123,812,870.95	–	46.03
Jiangsu Zhendan Expressway Co., Ltd.	37,132,157.18	–	13.80
Jiaxing City Kaitong Investment Limited	35,240,585.05	–	13.10
Dinuo Fangmaoshan Business Management Co., Ltd.	24,273,460.36	–	9.02
Nanjing Baisheng Business Management Co., Ltd.	19,779,937.08	–	7.35
Total	<u>240,239,010.62</u>	<u>–</u>	<u>89.31</u>

2. Other receivables

Unit: RMB

Item	Note	30 June 2021	31 December 2020
Dividends receivable	(1)	102,122,329.56	4,989,960.00
Others	(2)	8,392,072.91	8,226,786.07
Total		<u>110,514,402.47</u>	<u>13,216,746.07</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

(1) Dividends receivable

Unit: RMB

Item	30 June 2021	31 December 2020
Kuailu Company	4,989,960.00	4,989,960.00
Yangtze Bridge Company	34,190,139.60	–
Guangjing Xicheng Company	62,942,229.96	–
Total	102,122,329.56	4,989,960.00

(2) Other receivables – others

<1> Disclosure of other receivables by aging

Unit: RMB

Aging	Amount	30 June 2021		Book value
		Proportion (%)	Provision for credit impairment	
Within 1 year	5,761,695.52	23.71	19,472.05	5,742,223.47
More than 1 years	18,542,734.29	76.29	15,892,884.85	2,649,849.44
Total	24,304,429.81	100.00	15,912,356.90	8,392,072.91

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

2. Other receivables (Continued)

(2) Other receivables – others (Continued)

<2> Disclosure of other receivables by nature:

Unit: RMB

Nature	30 June 2021	31 December 2020
Amounts of investment clearance	15,812,140.02	15,812,140.02
Petty cash	3,472,988.00	4,723,955.89
Other insignificant amounts	4,019,301.79	2,603,047.07
Engineering deposit	1,000,000.00	1,000,000.00
Total	24,304,429.81	24,139,142.98

<3> Analysis of provision for credit impairment:

Unit: RMB

Provision for credit impairment	Stage I 12-month expected credit loss	Stage III Lifetime expected credit loss (credit- impaired)	Total
Balance at 1 January 2021	100,216.88	15,812,140.02	15,912,356.90
Provisions for the year	–	–	–
Balance at 30 June 2021	100,216.88	15,812,140.02	15,912,356.90

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

(2) Other receivables - others (Continued)

<4> Top five entities with the largest balances of other receivables:

Unit: RMB

Name of entity	Nature of other receivables	Amount	Aging	Proportion of the amount to total other receivables (%)	30 June 2021 (Provision for credit impairment)
Jiangsu Yixing Highway Administration Department	Amount of investment clearance	15,812,140.02	Over 3 years	65.06	15,812,140.02
Jiangsu Equity Exchange Co., Ltd.	Deposit	1,000,000.00	Within 1 year	4.11	-
Jiangsu Expressway Management Center	Others	151,644.45	Over 1 year	0.62	-
Wuxi China Resources Gas Co., Ltd.	Deposit	135,000.00	Within 1 year	0.56	-
Pin An Property & casualty Insurance Company of China. Ltd	Others	120,318.75	Within 1 year	0.50	-
Total		17,219,103.22		70.85	15,812,140.02

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

3. Long-term equity investments

Unit: RMB

Item	30 June 2021			31 December 2020		
	Gross carrying amount	Provision for impairment	Net carrying amount	Gross carrying amount	Provision for impairment	Net carrying amount
Investments in subsidiaries	9,455,646,488.85	-	9,455,646,488.85	9,195,914,177.98	-	9,195,914,177.98
Investments in associates	4,839,633,744.50	-	4,839,633,744.50	4,656,181,197.67	-	4,656,181,197.67
Total	14,295,280,233.35	-	14,295,280,233.35	13,852,095,375.65	-	13,852,095,375.65

(1) Investments in subsidiaries

Unit: RMB

Investee	31 December 2020	Changes in the current period	30 June 2021	Provision for impairment	Cash dividend for the year
Subsidiaries					
Guangjing Xicheng Company	2,125,000,000.00	-	2,125,000,000.00	-	62,942,229.96
Ninghu Properties	500,000,000.00	-	500,000,000.00	-	-
Ninghu Investment (Note 1)	1,824,434,377.98	54,000,000.00	1,878,434,377.98	-	-
Zhendan Company	423,910,000.00	-	423,910,000.00	-	-
Wufengshan Bridge	3,112,980,000.00	-	3,112,980,000.00	-	-
Nanjing Hanwei Real Estate Development Co., Ltd.	374,499,800.00	-	374,499,800.00	-	-
Jiangsu Longtan Bridge Co., Ltd. (Note 2)	785,090,000.00	105,000,000.00	890,090,000.00	-	-
Jiangsu Ninghu International (Hong Kong) Co., Ltd. (Note 3)	-	732,310.87	732,310.87	-	-
Jingsu Changjiang Commercial Energy Co., Ltd. (Note 4)	-	100,000,000.00	100,000,000.00	-	-
Jiangsu Yangtze River Expressway Management Co., Ltd.	50,000,000.00	-	50,000,000.00	-	-
Total	9,195,914,177.98	259,732,310.87	9,455,646,488.85	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (Continued)

(1) Investments in subsidiaries (Continued)

Note 1: On October 25, 2019, the 13th meeting of the ninth board of directors considered and approved the Company to increase the registered capital of Ninghu Investment by RMB200,000,000.00. On April 24, 2020, the 20th meeting of the ninth board of directors considered and approved the to increase the registered capital of Ninghu Investment by RMB450,000,000.00. In June 2021, the Company has paid RMB590,334,337.98.

Note 2: On October 25, 2019, the 13th meeting of the ninth board of directors of the Company reviewed and approved to increase the registered capital of Longtan bridge by RMB1,340,840,000.00, and the Company completed a cumulative capital contribution of RMB89,009,000.00 in June 2021.

Note 3: On December 23, 2019, the board of directors of the Company decided to invest US \$1,300,000,000.00 to establish a wholly-owned subsidiary in the Hong Kong Special Administrative Region. In January 2020, Jiangsu Ninghu International (Hong Kong) Co., LTD completed the registration procedures in Hong Kong and obtained the company registration certificate and business registration certificate issued by the Hong Kong company registry and the business registration department of the Inland Revenue Department respectively. In January 2021, the initial capital was USD113,176.86.

Note 4: On December 24, 2020, the board of directors of the Company decided to invest RMB100,000,000.00 to establish Jiangsu Yangtze River Expressway Management Co., Ltd. which is a wholly-owned subsidiary; In February 2021, the company completed the industrial and commercial registration procedures. In April 2021, the capital was RMB100,000,000.00.

(2) Investments in joint ventures or associates

Unit: RMB

Investee	1 January 2021	Changes in the current year							30 June 2021 (provision for impairment)		
		Increase	Decrease	Investment income under the equity method	Adjustment of other comprehensive income	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment losses		Others	
Associates											
Kuailu Co., Ltd.	49,180,096.57	-	-	(996,000.00)	-	-	-	-	-	48,184,096.57	-
Yangtze Bridge Company	1,753,571,224.80	-	-	185,602,868.73	(84,589,049.84)	-	(34,190,139.60)	-	-	1,820,394,904.09	-
Suzhou Expressway Management	2,012,898,562.56	-	-	94,372,303.21	-	-	-	-	-	2,107,270,865.77	-
Xiexin Ninghu Company	11,326,928.81	-	-	720,000.00	-	-	-	-	-	12,046,928.81	-
Xiandai R&B Company	78,034,450.56	-	-	12,750,000.00	-	-	-	-	-	90,784,450.56	-
Network Operation Company	23,739,846.69	-	-	1,277,136.00	-	-	-	-	-	25,016,982.69	-
Media Company	66,509,478.71	-	-	3,147,099.36	-	-	-	-	-	69,656,578.07	-
Group Finance Company	660,920,608.97	-	-	17,858,328.97	-	-	(12,500,000.00)	-	-	666,278,937.94	-
Total	4,656,181,197.67	-	-	314,731,736.27	(84,589,049.84)	-	(46,690,139.60)	-	-	4,839,633,744.50	-

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2021

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

4. Operating income and operating costs

(1) Details of operating income and operating costs

Unit: RMB

Item	Amount recognized in the current period		Amount recognized in the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Principal operating activities	3,912,452,407.62	1,673,004,739.16	1,762,443,614.77	1,124,158,133.09
Including: Shanghai-Nanjing Expressway	2,572,116,454.12	795,750,752.45	1,176,273,277.15	643,622,193.65
Ningchang Expressway and Zhenli Expressway	661,234,618.37	297,498,419.87		11,215,581.14
Ancillary services	679,101,335.13	579,755,566.84	586,170,337.62	469,320,358.30
Advertising and others	13,463,449.64	-	13,078,500.14	-
Total	<u>3,925,915,857.26</u>	<u>1,673,004,739.16</u>	<u>1,775,522,114.91</u>	<u>1,124,158,133.09</u>

5. Investment income

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Income from long-term equity investments under equity method	314,731,736.26	11,214,219.51
Income from long-term equity investments under cost method	62,942,229.96	87,486,915.86
Investment income from investments in other equity instruments in the holding period	128,765,260.00	79,024,280.00
Investment income from held-for-trading financial assets	8,837,909.27	4,041,083.00
Interest income from loans	32,910,128.67	31,079,182.65
Total	<u>548,187,264.16</u>	<u>212,845,681.02</u>

SUPPLEMENTARY INFORMATION

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS

Unit: RMB

Item	Amount
Gains or losses on disposal of non-current assets	(2,033.85)
Government grants recognized in profit or loss for the current period	12,115,336.70
Gains or losses from changes in fair values of held-for-trading financial assets, Profit on disposal of held-for-trading and available-for-sale financial investments	374,322,400.00
Other non-operating income or expenses other than the above	(306,103.87)
Tax effects	(96,532,399.75)
Effects attributable to minority interests	<u>(169,703.02)</u>
Total	<u><u>289,427,496.21</u></u>

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE (“EPS”)

The return on net assets and EPS have been prepared by Jiangsu Expressway Co., Ltd in accordance with Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised 2010) issued by China Securities Regulatory Commission.

Profit for the reporting period	Weighted average return on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	8.93	0.5319	N/A
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profits or losses	<u>8.00</u>	<u>0.4744</u>	<u>N/A</u>