



Jiangsu Expressway Company Limited

(Hong Kong Stock Exchange Stock Code: 00177)

2022
Interim Report

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Documents Available for Inspection	<p>A copy of the interim report signed by the Chairman</p> <p>Financial statements signed and sealed by the legal representative, person in charge of the accounting work, and chief accountant</p> <p>Original copies of all documents and announcements of the Company published in the press designated by the CSRC during the Reporting Period</p> <p>Articles of Association</p> <p>Copies of interim reports released on other stock exchanges</p>
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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 held a meeting on 25 August 2022 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 2022 are in compliance with the applicable accounting standards (i.e. PRC accounting standards) and the Company has made proper disclosure of the same.
- IV. Chen Yunjiang, the person in charge of the Company, Dai Qian, the person in charge of the accounting work, and Yao Qunfang, the chief accountant (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
Not Applicable
- VI. Risk warning for forward-looking statements
 Applicable Not Applicable
 Forward-looking statements in this interim report which involve development strategies and future 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
Not Applicable
- XI. Others
 Applicable Not Applicable
 Unless otherwise specified, the financial figures contained in this interim 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)
YS Energy Company	Jiangsu Yunshan Green Energy Investment Holding Company Limited (江蘇雲杉清潔能源投資控股有限公司)

SECTION I DEFINITIONS

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)
Yuexin Company	Jiangsu Yuexin Ninghu Gas Co., Ltd. (江蘇悅鑫寧滬天然氣有限公司) (formerly known as 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	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	Jiangsu Communications Holding Group Finance Co., Ltd. (江蘇交通控股集團財務有限公司)
Communication and 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)
Zijin Trust Company	Zijin Trust Co., Ltd. (紫金信託有限責任公司)
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 South 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 Company	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)

SECTION I DEFINITIONS

Jiangsu 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)
Expressway 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 Company	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)
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)

SECTION I DEFINITIONS

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))
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))
State Grid	State Grid Corporation of China (國家電網有限公司)
PPP	Public – Private – Partnership, which is a mode of cooperation between the government and social capital in accordance with laws
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

SECTION I DEFINITIONS

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
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 Nanquanshui Hub
Longtan Bridge North Connection Project	The project of Shanghai-Shaanxi Expressway of Yizheng-Lukou Airport Expressway to the North Embankment Section of Yangtze River
Xiyi Expressway South Section Widening Project	the widening project of Xueyan Hub-Xiwu Hub section of Wuxi-Yixing Expressway
ICA Company	ICA IC ÇTA ASTALDI ÜçüncüBo az Köprüsüve Kuzey Marmara Otoyolu Yatırım ve İletme A.Ş., a joint stock company established and validly existing under the laws of Turkey
Reporting Period	the period from 1 January 2022 to 30 June 2022
Year-on-year	as compared with the same period of 2021
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

SECTION I DEFINITIONS

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
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 the relevant provisions promulgated by the Ministry of Finance of the People's Republic of China
KPMG or Auditors	KPMG Huazhen 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	Chen Yunjiang

2. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Representatives of securities affairs
Name	Yao Yong Jia	Tu Jun
Contact 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
Changes of the registered address of the Company in the past	-
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
Enquiry indexes for changes during the Reporting Period	-

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 office of the Company, 17/F, One Island East, Taikoo Place, No. 18 Westlands Road, Quarry Bay, Hong Kong; Headquarter of the Company, 6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC.
Enquiry indexes for changes during the Reporting Period	-

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	4,553,627,185.10	5,061,764,712.00	-10.04
Net profit attributable to the shareholders of the Company	1,748,339,678.13	2,679,329,242.91	-34.75
Net profit attributable to the shareholders of the Company net of non-recurring profit or loss	1,628,796,407.56	2,389,901,746.70	-31.85
Net cash flow from operating activities	2,168,829,015.43	2,599,589,338.93	-16.57
	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	30,402,137,677.62	30,230,283,751.28	0.57
Total assets	70,067,364,005.70	67,662,020,722.45	3.55

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>)	0.3470	0.5319	-34.76
Diluted earnings per share (<i>yuan/share</i>)	0.3470	0.5319	-34.76
Basic earnings per share net of non-recurring profit or loss (<i>yuan/share</i>)	0.3233	0.4744	-31.85
Weighted average return on net assets (%)	5.55	8.93	Decreased by 3.38 percentage points
Weighted average return on net assets net of nonrecurring profit or loss (%)	5.18	8.00	Decreased by 2.82 percentage points

Note: The Company had no dilutive potential ordinary shares during the Reporting Period, thus the diluted earnings per share were the same as basic earnings per share.

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

Applicable Not Applicable

During the Reporting Period, due to the impact of the COVID-19 pandemic in Shanghai and south Jiangsu Province, the principal business of road and bridge operations of the Company was negatively affected to a certain extent and the operating performance of the associates engaged in road and bridge operations also decreased, which led to the year-on-year decrease in the net profit attributable to the shareholders of the Company, net profit attributable to the shareholders of the Company net of non-recurring profit or loss, basic earnings per share, basic earnings per share net of non-recurring profit or loss and net cash flow from operating activities.

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	29,346,091.26	
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)	11,802,291.35	Mainly the recognition of the deductible portion of value-added tax and grants concerning the construction of project for transformation of expressway toll stations at provincial boundaries 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, other than effective hedging activities related to ordinary business operations of the Company	130,088,046.60	Mainly the recognition of gain from changes in fair value of other non-current financial assets held by subsidiaries of approximately RMB35,105,000 and gain from short-term bank wealth management products of approximately RMB86,985,000 during the Reporting Period.
Other non-operating income and expenses other than the aforesaid items	-4,377,700.58	Mainly the costs for repair of damaged road assets during the Reporting Period.
Less: Effects of income tax	41,714,682.15	
Effects attributable to minority interests (after tax)	5,600,775.91	
Total	<u>119,543,270.57</u>	

Explanation on determining the extraordinary profit or loss items listed in the “Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public – Extraordinary Profit or Loss” as recurring profit or loss items

Applicable Not Applicable

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 road and bridge industry of Jiangsu Province. On 27 June 1997, the Group issued 1,222,000,000 H Shares which were listed on the Stock Exchange. On 16 January 2001, the Group issued 150,000,000 A Shares which were listed on the SSE. The Group established Level I American Depositary Receipt (ADR) Program 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 Group 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, Zhenli Expressway, Guangjing Expressway, Xicheng Expressway, Xiyi Expressway, Zhendan Expressway, Yanjiang Expressway, Jiangyin Bridge, Sujiahang Expressway, Changyi Expressway, Yichang Expressway and Wufengshan Toll Bridge, etc. As at the end of the Reporting Period, 17 road and bridge projects were directly operated and invested by the Group, and over 910 kilometers of the roads and bridges open to traffic were owned or invested by the Group.

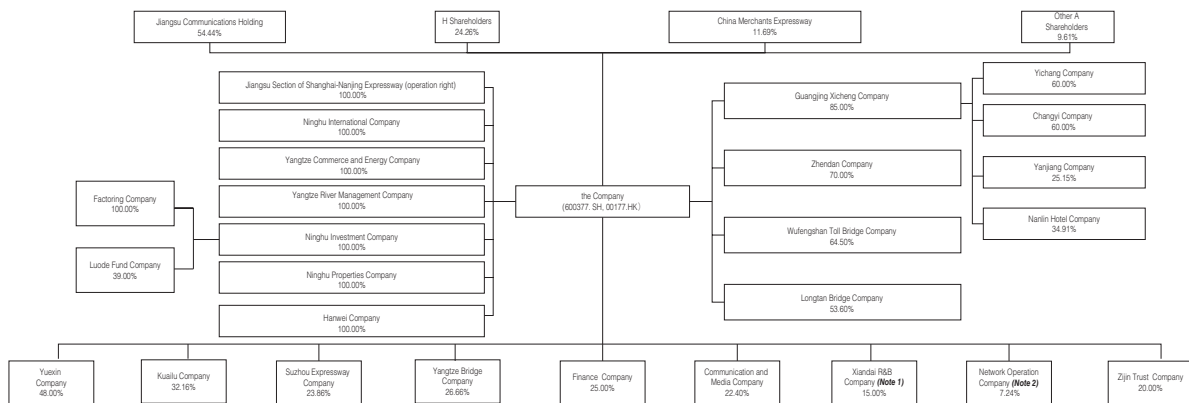
The Group operates in the Yangtze River Delta region, which is the most economically vibrant region in the PRC. The road and bridge projects owned or invested by the Group involve the roads and bridges serving as the major transport corridors linking roads stretching east-to-west and south-to-north across 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 the end of the Reporting Period, the Group directly owned six wholly-owned subsidiaries, four non-wholly-owned subsidiaries and participated in twelve associates, with total assets of approximately RMB70,067 million and net assets attributable to the shareholders of the Company of approximately RMB30,402 million.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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

Major assets structure of the Group is illustrated below:



Note 1: The Company holds 15.00% equity interest in Xiandai 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) hold 7.50% and 7.50% equity interest in Xiandai R&B Company, respectively.

Note 2: The Company holds 7.24% equity interest in Network Operation Company, Guangjing Xicheng Company, a non-wholly-owned subsidiary of the Company, holds 7.24% equity interest in Network Operation Company, and Suzhou Expressway Company and Yangtze Bridge Company, investee companies of the Company, hold 3.62% and 3.62% equity interest in Network Operation Company, respectively.

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 Group 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 toll 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 achieved coordinated 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 traffic volume driven by the regional economic development 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. On the premise of ensuring the quality and efficiency of the operation and services of the expressways of the Group, the operation management team actively optimizes the asset portfolio and acquires high-quality projects by means of capital operation, to effectively reduce the operating costs and operational risks, and continuously enhance the strategic research and investment development capabilities of the Group to ensure that the Group's overall profitability is at an industry-leading level.

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, determining risk strategy and optimizing risk control arrangement, the Group has built a large risks-oriented risk control system 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 enhanced its risk management capability, so as to achieve its long-term goal of stable development.

Outstanding financing platforms. The Group is dually listed on Hong Kong and Mainland China's stock markets with its shares being able to be traded in Hong Kong, Shanghai and New York, and achieves sound operation and sustainable performance growth with high credit rating, reasonable 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

The year of 2022 is a crucial linking year for the "14th Five-Year" plan. In the face of the frequent sporadic outbreak of the COVID-19 cases in multiple places in the first half of the year, the Group adhered to the general keynote of seeking stability in the midst of changes and progress in the midst of stability, focusing on its main business and the ecosystem of its main business, to build a solid foundation for development; it promoted outbound investment in a solid and orderly manner, to build up its development potential; made overall arrangement for new energy, to inject new momentum for its development.

As at the end of June 2022, the total assets of the Company amounted to approximately RMB70,067 million and net assets attributable to shareholders of the Company amounted to approximately RMB30,402 million. During the Reporting Period, the Company's operating revenue decreased by approximately 10.04% year-on-year to approximately RMB4,554 million, total profits decreased by approximately 37.00% year-on-year to approximately RMB2,164 million, net profit attributable to shareholders of the Company amounted to approximately RMB1,748 million and earnings per share amounted to approximately RMB0.347. The operating net cash flow amounted to approximately RMB2,169 million and the weighted average return on net assets was 5.55%.

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 the toll 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 together with other two governmental authorities jointly issued the Implementation Plan for Comprehensively Promoting Differential Tolling on Expressways. After that, Jiangsu Province selected certain expressways for pilot testing of the differential tolling. As at the date of this report, the roads under the Group’s management have not been included in the pilot scheme. The revision of the Regulations for the Administration of Toll Highways is still in progress, and the National Development and Reform Commission and the Ministry of Transport have recently issued the National Highway Network Plan, calling for “timely revision to the law on highway, toll road management regulations and other laws and regulations to promote the sustainable and sound development of highways”, and the Company is keeping a close eye on its progress.
- (ii) **Investment in main business. Steadily advancing the investment in Longtan Bridge project.** During the Reporting Period, the investment in the construction of the Longtan Bridge project amounted to approximately RMB426 million, and the accumulated investment in the construction of the project amounted to approximately RMB2,432 million, accounting for 38.89% of the total investment for the project. **Increasing the capital contribution to Longtan Bridge Company for the construction of the Longtan Bridge North Connection Project.** As a key project to connect the Longtan Bridge under construction to the expressway network, the Longtan Bridge North Connection Project is scheduled to commence construction in the second half of 2022, with a total construction investment of not more than approximately RMB6,984,587,200, of which the Company will contribute approximately RMB2,095,376,200 to increase the capital of Longtan Bridge Company. The Longtan Bridge North Connection Project will be opened to traffic at the same time as the Longtan Bridge by the end of 2024, giving full play to the synergy effect, and the Company has direct or indirect shareholding in the operation of river-crossing bridges in all river-crossing cities in Jiangsu Province, which will further increase its share in the regional expressway network and ensure steady growth in the revenue from the main business of the Group. **Positively preparing for Xiyi Expressway South Section Widening Project.** The construction of the project is scheduled to commence in January 2023, with a preliminary design budget estimate of RMB7,754.91 million, and will be opened to traffic by the end of June 2026. The implementation of the renovation and widening will, on one hand, substantially enhance the traffic capacity of and ease the traffic pressure on Xiyi Expressway, as well as improve the service level; on the other hand, through the pilot implementation, it will accumulate experience for renovation and widening of expressways, and boost the future business performance and long-term development potential of the Company, with significant social and economic benefits.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

3. DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS (CONTINUED)

Road and Bridge Operations (Continued)

- (iii) **Operation and maintenance of roads and bridges. Improving the quality and efficiency of road maintenance.** The Group strived to balance the relationship between maintenance and road safety, smooth traffic flow and operational efficiency, conducted large and mid-scale targeted and phased road surface repair by relying on road-related operations and intensive maintenance research, and completed the centralized maintenance project of the 24km section of Shanghai-Nanjing Expressway ahead of schedule through highly integrated project control measures, shortening the planned construction period by 20%; **Leading the field in management and maintenance of ultra-long bridges and tunnels.** The Group applied the inspection system and BIM + GIS management and maintenance platform in a scientific manner, conducted the pavement maintenance strategy and planning research and the applied research of road, bridge and tunnel maintenance technology package, completed a number of scientific research projects and the acceptance inspection thereof, with a number of achievements winning the awards in transportation industry, providing “Jiangsu Expressway experiences” for domestic ultra-long bridge and tunnel daily management and maintenance work; **Iterative upgrading of high-flow management and control.** Based on data analysis and path algorithms, the platform for high-flow control of the Shanghai-Nanjing Expressway system makes advance predictions on road conditions, automatically generates optimal control solutions, and cooperates with the vehicle movement guidance system to balance the traffic flow of the road network and relieve congestion. The new upgraded system offers significant improvements in timeliness, accuracy and security over the old model, which relied on manual decision-making; **Significant achievement and effectiveness of “quasi-free flow”.** Since taking the lead in the pilot of “quasi-free flow” toll collection technology in 2021, the transaction time has dropped from 350 milliseconds to 30 milliseconds, with road traffic efficiency and driver and passenger satisfaction continuing to improve, which has effectively saved manpower costs, accumulated experiences and technical reserves for the large-scale promotion of “quasi-free flow”, and will help to push domestic expressway operation to a new stage; **Accelerating technological innovation.** The comprehensive application of non-destructive intelligent detecting technologies such as laser deflectometer and high dynamic ground-penetrating radar, the pilot adoption of new materials such as ECC concrete and anticorrosive self-cleaning coating, and the continuous exploration of unmanned intelligent construction technology have enabled the construction efficiency and quality to far exceed traditional methods; a pilot digital twin integration platform for expressway has been created with characteristics of total factor, large scale, high fidelity and sub-metre, enabling high quality control and high level decision making, and also laying the foundation for further development of application scenarios such as vehicle-road collaboration and autonomous driving.
- (iv) **Road and bridge operations.** During the Reporting Period, due to the impact of the COVID-19 pandemic in Shanghai and south Jiangsu Province, the Group recorded toll revenue of approximately RMB3,333,419,000, representing a year-on-year decrease of approximately 17.71%, and accounting for approximately 73.20% of the total operating revenue of the Group. In particular, the average daily toll revenue of Shanghai-Nanjing Expressway amounted to approximately RMB10,503,520, representing a year-on-year decrease of approximately 26.09%. During the Reporting Period, the average daily traffic volume of Shanghai-Nanjing Expressway was approximately 66,925 vehicles, representing a year-on-year decrease of approximately 36.84%.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

3. DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS (CONTINUED)

Road and Bridge Operations (Continued)

During the Reporting Period, the data of the operations of each of the road and bridge projects is set out as below:

Project		The Reporting Period	The corresponding period of the previous year	Year-on-year (%)
Shanghai-Nanjing Expressway	Total traffic volume (vehicle/day)	66,925	105,962	-36.84
	Average daily toll revenue (RMB'000/day)	10,503.52	14,210.59	-26.09
Ningchang Expressway	Total traffic volume (vehicle/day)	35,619	49,333	-27.80
	Average daily toll revenue (RMB'000/day)	2,200.38	2,754.78	-20.12
Zhenli Expressway	Total traffic volume (vehicle/day)	16,174	19,056	-15.12
	Average daily toll revenue (RMB'000/day)	983.39	898.45	9.45
Xicheng Expressway	Total traffic volume (vehicle/day)	48,394	84,593	-42.79
	Average daily toll revenue (RMB'000/day)	1,102.36	1,717.82	-35.83
Guangjing Expressway	Total traffic volume (vehicle/day)	44,601	73,334	-39.18
	Average daily toll revenue (RMB'000/day)	567.63	782.00	-27.41
Xiyi Expressway	Total traffic volume (vehicle/day)	20,846	29,633	-29.65
	Average daily toll revenue (RMB'000/day)	1,020.15	1,125.50	-9.36
Wuxi Huantaihu Expressway	Total traffic volume (vehicle/day)	16,829	12,335	36.43
	Average daily toll revenue (RMB'000/day)	195.45	150.15	30.17
Jiangyin Bridge	Total traffic volume (vehicle/day)	54,704	93,941	-41.77
	Average daily toll revenue (RMB'000/day)	2,322.77	3,445.70	-32.59
Sujiahang Expressway	Total traffic volume (vehicle/day)	33,287	53,060	-37.27
	Average daily toll revenue (RMB'000/day)	1,771.41	2,490.39	-28.87
Yanjiang Expressway	Total traffic volume (vehicle/day)	37,218	58,269	-36.13
	Average daily toll revenue (RMB'000/day)	3,844.29	4,759.69	-19.23
Zhendan Expressway	Total traffic volume (vehicle/day)	14,336	20,450	-29.90
	Average daily toll revenue (RMB'000/day)	201.47	249.38	-19.21
Changyi Expressway	Total traffic volume (vehicle/day)	21,066	20,985	0.39
	Average daily toll revenue (RMB'000/day)	278.24	214.07	29.98
Yichang Expressway	Total traffic volume (vehicle/day)	17,229	18,045	-4.52
	Average daily toll revenue (RMB'000/day)	374.37	310.56	20.55
Wufengshan Toll Bridge	Total traffic volume (vehicle/day)	14,858	-	-
	Average daily toll revenue (RMB'000/day)	989.72	-	-

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

3. DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS (CONTINUED)

Road and Bridge Operations (Continued)

Note 1: The 17 toll road and bridge projects controlled or invested by the Group included Longtan Bridge and Luma First Class Highway in addition to the 15 toll roads and bridges projects listed in the table above. Luma First Class Highway was operated by Xiyi Expressway, and the data of the operation of Xiyi Expressway included the data of the operation of Luma First Class Highway.

Note 2: Yichang Expressway commenced its operations in January 2021, and Wufengshan Toll Bridge commenced its operations on 30 June 2021.

Note 3: Benefiting from the positive impact from the commencement of operations of Suxichang South Passage at the end of December 2021 and the closure of Nanquan Toll Station during the corresponding period of the previous year for upgrading, Wuxi Huantaihu Expressway recorded a year-on-year increase in toll revenue during the Reporting Period.

Note 4: As certain neighboring expressways of Zhenli Expressway were closed due to the COVID-19 outbreak, the traffic flow were diverted to Zhenli Expressway which recorded a year-on-year increase in toll revenue during the Reporting Period.

Ancillary services. (i) Reducing costs and stabilizing operation. Due to the operational difficulties brought about by the pandemic, the service areas comprehensively reduced budget, cut expenses, reduced costs and increased efficiency, living a “thrifty life”; upon the pandemic situation improved and the traffic flow of the road network gradually rebounded, the Company adopted multiple measures to promote the service areas to resume work and production in an orderly manner, and actively studied the supporting policy to help the enterprises to boost business performance. **(ii) Planning for business meticulously.** Under the dual pressure of the severe pandemic situation and high oil prices, the Company was able to obtain good profit margins through the competitive mechanism of tendering and enquiry, which secured a good gross margin level for sales of petroleum products. **(iii) New breakthrough in low carbon.** In collaboration with the State Grid, the Company gradually promoted the upgrading of charging piles in the service areas to fast-charging piles, which greatly shortened the charging time for new energy vehicles, optimising the experience of drivers and passengers and improving service quality, while providing assistance in promoting energy-conservation, carbon-reduction and efficiency-increasing.

During the Reporting Period, due to the impact of the pandemic, the Group realized revenue of approximately RMB447,716,000 from ancillary services, representing a year-on-year decrease of 36.26%. In particular, revenue from the leasing business at service areas amounted to approximately RMB48,746,000, representing a year-on-year decrease of 57.03%, which was mainly due to the termination of the original lease agreements for certain service areas and rental exemption and rental reduction in accordance with the relevant national policies resulting from the impact of the pandemic. As affected by the decrease of sale volume due to the pandemic, the sales revenue of petroleum products was approximately RMB390,315,000, representing a year-on-year decrease of 32.08% and the gross profit from sales of petroleum products decreased by 73.58% year-on-year accordingly. Driven by the year-on-year decrease in gross profits from leasing and petroleum product sales businesses, the gross profit of ancillary services recorded a year-on-year decrease.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

3. DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS (CONTINUED)

Road and Bridge Operations (Continued)

New energy business. In order to actively respond to the call of the State to promote green development, further optimize the layout of the Company's industrial structure and develop new profit growth points, the Company invested RMB2,457,000,000 to acquire the 100% equity interest in YS Energy Company, as approved at the 2021 annual general meeting. YS Energy Company was established in November 2016, and its main business is clean energy generation such as photovoltaic and offshore wind power. Together with its 10 subsidiaries and 3 investees, YS Energy Company has invested in 67 clean energy projects. As of 31 December 2021, the total installed capacity of the grid-connected projects was 526.6 MW (including equity share of installed capacity of investees), including 300 MW of offshore wind power with controlling interests, 113.1 MW of photovoltaic power with controlling interests, 3.5 MW of photovoltaic power with equity participation and 110 MW of wind power with equity participation. Since its establishment, the asset scale, revenue scale and profit level of YS Energy Company have continued to grow, and all the power stations held have been put into operation, reflecting high growth and stable revenue expectation. As at the date of this report, the transfer of the equity interest in YS Energy Company was completed, and the change of industrial and commercial registration was completed in July. The new energy business will achieve business synergy with the road and bridge business which is the main business of the Company, further enhance the efficiency of resource utilization and economic benefits, and ensure the sustainable development of the Company.

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 advanced the projects under construction in an orderly manner, actively destocked. During the Reporting Period, sales revenue of the Group carried forward amounted to approximately RMB274,167,000, representing a year-on-year increase of 9%; due to the impact of the increase of the settlement costs of delivered projects, the gross profit of the property sales business was approximately RMB70,772,000, representing a year-on-year decrease of approximately 56.38%.

For the cost of property development and the products ready-for-sale, please refer to "7. Inventories" of "Section X Financial Report".

Other businesses. (i) Income from investment in investees. During the Reporting Period, due to the impact of the COVID-19 pandemic, the Group's investment income from roads and bridges companies in which the Group held equity interests recorded approximately RMB236,003,000, representing a year-on-year decrease of approximately 41.47%; the investment income from finance companies in which the Group held equity interests recorded approximately RMB62,547,000, representing a year-on-year increase of approximately 243.24%. **(ii) Dividends received from other equity instruments and other non-current financial assets.** During the Reporting Period, the Group received cumulative dividends of approximately RMB398,020,000 from other equity instruments and other non-current financial assets, representing a year-on-year increase of approximately 55.16%, which was mainly attributable to the increase in dividends from financial companies invested by the Company. **(iii) Income from advertising businesses, factoring business and management services of certain subsidiaries.** During the Reporting Period, the Group recorded revenue from such businesses of approximately RMB72,504,000, representing a year-on-year increase of approximately 27.51%, which was mainly attributable to the increase in revenue from factoring business and commissioned operation and management services.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

3. DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS (CONTINUED)

Road and Bridge Operations (Continued)

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

Applicable Not Applicable

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	4,553,627,185.10	5,061,764,712.00	-10.04
Operating costs	2,636,097,654.96	2,220,101,069.51	18.74
Selling expenses	6,093,714.35	13,038,092.98	-53.26
Administrative expenses	89,310,860.19	73,844,971.95	20.94
Financial expenses	481,451,513.40	293,958,394.97	63.78
Research and development (R&D) expenses	—	—	—
Net cash flow from operating activities	2,168,829,015.43	2,599,589,338.93	-16.57
Net cash flow from investing activities	-1,775,318,624.32	-3,357,134,205.51	-47.12
Net cash flow from financing activities	-296,217,481.57	900,420,621.30	—
Taxes and surcharges	45,839,964.42	63,266,494.98	-27.54
Gain on change in fair value	35,105,006.37	314,007,325.26	-88.82
Investment income	797,779,932.39	712,266,896.33	12.01
Gains from disposal of assets	29,346,091.26	-2,033.85	—
Income tax	445,190,785.22	734,392,901.87	-39.38
Other comprehensive income, net of tax	741,931,098.21	917,174,691.95	-19.11

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 year-on-year decrease in toll revenue and the revenue from its ancillary services, mainly due to the impact of the COVID-19 pandemic.

Reasons for the change in operating costs: It was mainly due to that the delivery scale of the real estate projects of the subsidiaries during the Reporting Period was larger than that of the same period of the previous year, the cost of sales carried forward increased accordingly, and the Company adopted the CAS Bulletin No. 14 and recognized construction costs at gross based on zero gross profit for PPP project contracts that met the corresponding conditions.

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

Reasons for the change in administrative expenses: It was mainly due to the rigid increase in labour costs and the year-on-year increase in maintenance and repair fees and intermediary fees during the Reporting Period.

Reasons for change in financial expenses: After Wufengshan Toll Bridge was opened to traffic in last June, the interest accrued on borrowings for the project was recognized as expenses and the scale of interest-bearing debts of the Group increased, 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: During the Reporting Period, the Group recorded a year-on-year decrease in toll revenue and the revenue from its ancillary services due to the impact of the COVID-19 pandemic.

Reasons for the change in net cash flow from investing activities: It was mainly due to the year-on-year decrease in construction investment in road and bridge projects under construction and the year-on-year increase in dividend payments received during the Reporting Period, resulting in the year-on-year decrease in net cash outflow from investing activities.

Reasons for the change in net cash flow from financing activities: It was mainly due to the year-on-year decrease in net cash inflow from the borrowings of the Company during the Reporting Period, resulting in a year-on-year decrease in net cash flow from financing 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 taxes and surcharges: During the Reporting Period, the Group recorded a year-on-year decrease in toll revenue and the revenue from its ancillary services mainly due to the impact of the COVID-19 pandemic, resulting in a year-on-year decrease in taxes and surcharges accrued.

Reasons for the change in gain on change in fair value: It was mainly due to the year-on-year decrease in the growth of fair value of other non-current financial assets held by subsidiaries of the Company during the Reporting Period.

Reasons for change in investment income: Despite of the corresponding decrease in investment income contributed by associates engaged in road and bridge operations as they recorded a year-on-year decrease in their operating results during the Reporting Period as a result of the impact of the COVID-19, dividend from investments in other equity instruments and other non-current financial assets and financing income recorded a significant year-on-year increase.

Reasons for the change in gain from disposal of assets: It was mainly due to the disposal of the assets of Nanquan Toll Station of Huantaihu Expressway during the Reporting Period.

Reasons for the change in income tax: It was mainly due to the fact that the Group had relatively less taxable income during the Reporting Period as a result of the impact of the COVID-19.

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

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 ^(Note 1)	3,333,418,875.91	1,462,722,579.91	56.12	-17.71	-1.59	Decreased by 7.19 percentage points ^(Note 2)
Shanghai-Nanjing Expressway	1,901,136,511.47	697,230,886.79	63.33	-26.09	-12.38	Decreased by 5.74 percentage points
Guangji Expressway and Xicheng Expressway	302,268,027.43	177,423,071.74	41.30	-33.20	70.93	Decreased by 35.76 percentage points
Ningchang Expressway and Zhenli Expressway	576,263,448.67	239,071,926.29	58.51	-12.85	-19.64	Increased by 3.50 percentage points
Xiyi Expressway and Wuxi Huantaihu Expressway	220,023,528.20	112,847,245.64	48.71	-4.71	-24.68	Increased by 13.60 percentage points
Zhendan Expressway	36,465,829.89	27,671,309.56	24.12	-19.21	-5.78	Decreased by 10.81 percentage points
Changyi Expressway	50,362,037.58	45,930,486.95	8.80	29.98	15.72	Increased by 11.24 percentage points
Yichang Expressway	67,761,084.64	64,025,961.14	5.51	34.68	-7.63	Increased by 43.28 percentage points
Wufengshan Toll Bridge	179,138,408.03	98,521,691.80	45.00	-	-	-
Ancillary services	447,715,717.78	507,196,431.13	-13.29	-36.26	-16.41	Decreased by 26.91 percentage points ^(Note 3)
Property sales	274,167,277.87	203,395,286.20	25.81	9.00	127.75	Decreased by 38.69 percentage points ^(Note 4)
Revenue/cost during the construction period ^(Note 5)	425,821,793.86	425,821,793.86	-	-	-	-
Other businesses	72,503,519.68	36,961,563.86	49.02	27.51	-1.99	Increased by 15.34 percentage points
Total	4,553,627,185.10	2,636,097,654.96	42.11	-10.04	18.74	Decreased by 14.03 percentage points

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 (Continued)

Note 1: Data in the above table does not include the amount of revenues and costs incurred for the provision of road management services between the Group's segments.

Note 2: During the Reporting Period, due to the impact of the COVID-19 pandemic, the toll revenue from the Group's toll road business recorded a decrease, and the gross profit margin of the toll road business decreased as compared to the corresponding period of the previous year. As affected by the overhaul of Xicheng Expressway during the Reporting Period, the road maintenance costs of Xicheng Expressway increased year-on-year, and the gross profit margin of toll business decreased accordingly. The Changyi Expressway, Yichang Expressway and Wufengshan Toll Bridge were newly open to traffic, and the traffic volume was in the cultivation period, representing a year-on-year natural increase.

Note 3: During the Reporting Period, due to the impact of the COVID-19 pandemic, the sale volume of petroleum products decreased, and as affected by the fluctuation in the price of refined oil, the difference in the trading price of refined oil decreased. As a result, the gross profit margin of the ancillary services business decreased year-on-year.

Note 4: During the Reporting Period, the gross profit margin of the property sales business decreased year-on-year due to the larger delivery scale of property projects of the subsidiaries as compared to the corresponding period of the previous year, and the increase of the settlement costs of delivered projects.

Note 5: During the Reporting Period, the Group adopted the CAS Bulletin No. 14, and recognized construction revenue at gross based on zero gross profit for PPP project that met the corresponding conditions.

Explanation on principal business by industry, product, region and sales model

During the Reporting Period, the Group's principal business was distributed in Jiangsu Province.

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 RMB2,636,098,000, representing a year-on-year increase of approximately 18.74%. 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	-	1,462,722,579.91	55.49	1,486,309,751.54	66.95	-1.59	
-	Depreciation and amortization	768,758,316.02	29.16	855,995,594.42	38.56	-10.19	Mainly due to the decrease in traffic flow during the Reporting Period as a result of the impact of the COVID-19 pandemic and the amortization of road operation rights of various road sections under the Group's management based on the new estimated total traffic volume from 1 April, resulting in the year-on-year decrease in amortization of road operation rights. For details, please refer to SECTION VI - XII. EXPLANATIONS OF OTHER SIGNIFICANT EVENTS.
-	Costs on maintenance	243,723,517.25	9.25	209,064,763.46	9.42	16.58	Mainly due to the overhaul of Xicheng Expressway during the Reporting Period, resulting in the year-on-year increase in road maintenance costs.
-	Costs on system maintenance	8,592,409.06	0.33	8,982,235.03	0.40	-4.34	
-	Costs on toll collection	69,282,647.97	2.63	68,194,359.23	3.07	1.60	
-	Labour costs	372,365,689.61	14.13	344,072,799.40	15.50	8.22	
Ancillary services	-	507,196,431.13	19.24	606,773,729.36	27.33	-16.41	

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			
-	Raw materials	335,660,746.87	12.73	448,001,045.44	20.18	-25.08	Mainly due to the decrease in sales volume of petroleum products resulting from the impact of the COVID-19 pandemic during the Reporting Period and the corresponding decrease in the procurement costs of petroleum products.
-	Depreciation and amortization	32,592,116.54	1.24	26,586,662.74	1.20	22.59	Mainly due to the opening of Wufengshan Toll Bridge to traffic in last June, the opening of Guangling Service Area for business and other factors, resulting in the corresponding increase in depreciation charge.
-	Labour costs	105,028,080.99	3.98	91,798,828.62	4.13	14.41	
-	Other costs	33,915,486.73	1.29	40,387,192.56	1.82	-16.02	Mainly due to the closure and lockdown of certain service areas as result of the impact of the COVID-19 pandemic, resulting in the decrease in relevant costs.
Property sales	-	203,395,286.20	7.72	89,306,984.48	4.02	127.75	Mainly due to the larger delivery scale of property projects of the subsidiaries during the Reporting Period as compared to the corresponding period of the previous year, and the increase of settlement costs of delivered projects, resulting in the year-on-year increase in the costs of property sales business.
Construction period costs	-	425,821,793.86	16.15				The Group recognized construction costs at gross profit method based on zero gross profit for PPP projects that met the corresponding conditions during the Reporting Period in accordance with the CAS Bulletin No. 14 issued by the Ministry of Finance.
Other business	-	36,961,563.86	1.40	37,710,604.13	1.70	-1.99	

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 as at the end of the previous year (%)	Explanations on changes
Cash at bank and on hand	593,392,762.34	0.85	496,127,336.06	0.73	19.60	Mainly due to the increase in capital reserve for loan repayment and payment by the Group at the end of the Reporting Period.
Accounts receivable	503,065,244.90	0.72	442,074,890.64	0.65	13.80	Mainly due to the increase in installments of toll receivable as at the end of the Reporting Period as compared to the beginning of the period.
Inventories	3,752,654,673.38	5.36	3,889,201,430.67	5.75	-3.51	Mainly due to the delivery and transfer of real estate projects of the subsidiaries during the Reporting Period.
Investment property	98,222,837.71	0.14	56,709,500.85	0.08	73.20	Mainly due to the addition of investment properties by our subsidiary, Hanwei Company, 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 as at the end of the previous year (%)	Explanations on changes
Long-term equity investments	9,935,451,212.69	14.18	9,687,126,007.80	14.32	2.56	Mainly due to the increase in investment income contributed by associates during the Reporting Period.
Fixed assets	2,542,791,971.94	3.63	2,676,170,843.30	3.96	-4.98	Mainly due to the provision for depreciation during the Reporting Period.
Construction in progress	288,984,113.55	0.41	262,194,738.58	0.39	10.22	Mainly due to the investment in the construction of projects in progress during the Reporting Period.
Right-of-use assets	13,104,969.37	0.02	16,648,478.65	0.02	-21.28	Mainly due to the provision for depreciation during the Reporting Period.
Short-term borrowings	1,435,208,553.26	2.05	1,077,145,209.09	1.59	33.24	Mainly due to the increase in short-term loans from financial institutions during the Reporting Period as compared to the beginning of the period.
Contract liabilities	268,457,782.69	0.38	427,561,162.30	0.63	-37.21	Mainly due to the delivery and transfer of real estate projects of subsidiaries during the Reporting Period.
Long-term borrowings	11,254,075,322.67	16.06	13,028,697,541.04	19.26	-13.62	Mainly due to the early repayment of borrowings for certain road and bridge projects under construction and other long-term bank loans during the Reporting Period.
Lease liabilities	7,619,636.66	0.01	7,919,969.93	0.01	-3.79	Mainly due to the payment of partial rent during the Reporting Period.
Financial assets held for trading	4,346,985,361.12	6.20	2,646,518,676.44	3.91	64.25	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	22,547,543.25	0.03	8,650,678.32	0.01	160.64	Mainly due to the increase in prepayments for project construction at the end of the Reporting Period 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 as at the end of the previous year (%)	Explanations on changes
Other receivables	117,682,973.18	0.17	76,302,188.99	0.11	54.23	Mainly due to the cash dividends declared but not yet paid by associates during the Reporting Period.
Investments in other equity instruments	6,818,404,046.73	9.73	5,805,587,078.89	8.58	17.45	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.
Other non-current financial assets	3,116,070,412.05	4.45	3,004,141,868.26	4.44	3.73	Mainly due to the increase in investment in CDB Kai Yuan Phase II Fund and the increase in fair value of other non-current financial assets held by the Group as compared to the beginning of the period.
Other non-current assets	14,815,129.93	0.02	462,867,895.61	0.68	-96.80	Mainly due to the receipt of value-added tax credit refund by subsidiaries of the Company during the Reporting Period, and the decrease in input tax to be deductible as compared to the beginning of the period.
Bills payable	211,200,000.00	0.30	100,300,000.00	0.15	110.57	Mainly due to the bank acceptances issued by Factoring Company, a subsidiary of the Company, during the Reporting Period.
Accounts payable	2,039,622,642.92	2.91	2,328,898,028.92	3.44	-12.42	Mainly due to the decrease in construction costs payable and real estate construction costs payable as at the end of the Reporting Period as compared to the beginning of the period.
Other payables	2,598,161,798.96	3.71	253,009,905.05	0.37	926.90	Mainly attributable to the cash dividends declared but not yet paid as at the end of 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 as at the end of the previous year (%)	Explanations on changes
Non-current liabilities due within one year	1,098,199,983.35	1.57	678,043,270.61	1.00	61.97	Mainly due to transfer into of long-term borrowings due within one year in the Reporting Period.
Bonds payable	6,777,597,770.21	9.67	5,777,418,959.86	8.54	17.31	Mainly due to the issuance of corporate bonds of RMB1 billion in the Reporting Period.
Deferred tax liabilities	684,239,859.75	0.98	419,248,158.42	0.62	63.21	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 tax liabilities during the Reporting Period.
Other comprehensive income	1,672,213,698.71	2.39	931,335,600.50	1.38	79.55	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	<u>70,067,364,005.70</u>	<u>100.00</u>	<u>67,662,020,722.45</u>	<u>100.00</u>	<u>3.55</u>	
Total gearing ratio	49.33%	-	47.74%	-	Increased by 1.59 percentage points	
Net gearing ratio	<u>97.35%</u>	-	<u>91.35%</u>	-	<u>Increased by 6.00 percentage points</u>	

Other explanations

Note 1: During the Reporting Period, the aggregated amount of wealth management products purchased by the Group from any bank did not reach or exceed 5% of the total assets (adjusted by deducting dividends payable according to the Listing Rules) or market value of the Group.

Other explanations

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 USD7,723.62, representing 0.000074% of the Group's total assets. The overseas assets mainly represented the balance of monetary funds of Ninghu International Company at the end of the Reporting Period.

(2) Relevant explanation on high proportion of overseas assets

Applicable Not Applicable

Other explanations

Nil.

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	1,377,213.02	Security deposits for mortgage loans to customers
Bank deposits	615,826.77	Supervised proceeds from pre-sale
Bank deposits	4,310,000.00	Security deposits for notes
Intangible assets	21,382,019,223.20	Pledge of toll road operation rights of expressways
Total	<u>21,388,322,262.99</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 at bank and on hand consisted of security deposits for mortgage loans to customers of RMB1,377,000, supervised proceeds from presale of RMB616,000, and security deposits for notes issued of RMB4,310,000. 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 regulations on the management of pre-sale proceeds issued by the relevant regulatory authorities in certain regions of China (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 the 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 RMB1,200,000,000 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 RMB461,000,000.

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)

Wufengshan Toll Bridge Company, a subsidiary of the Group, entered into loan contracts with the Jiangsu Sub-branch (directly administered) of China Construction Bank, the Jiangsu Branch of China Development Bank, the Jiangsu Branch of Bank of Communications, the Nanjing Branch of Postal Savings Bank of China and the Nanjing Chengnan Sub-branch of Industrial and Commercial Bank of China with a total amount of RMB2,000,000,000, RMB2,500,000,000, RMB1,500,000,000, RMB1,200,000,000 and RMB1,500,000,000, respectively, which were secured by the toll road operation rights of the expressway of Wufengshan Toll Bridge and the North-South Approach Expressways. As at the end of the Reporting Period, the loan balance amounted to RMB1,560,500,000, RMB375,500,000, RMB915,157,000, RMB993,330,000 and RMB357,500,000, respectively. Changyi Company, a subsidiary of the Group, entered into loan contracts with the Nanjing Branch of Postal Savings Bank of China, the Wuxi Chengzhong Sub-branch of Agricultural Bank of China and the Wuxi Branch of Industrial and Commercial Bank of China with a total amount of RMB500,000,000, RMB382,900,000 and RMB2,000,000,000, respectively, which were secured by the toll road operation rights of Changyi Expressway. As at the end of the Reporting Period, the loan balance amounted to RMB49,580,000, RMB371,000,000 and RMB580,500,000, respectively.

Yichang Company, a subsidiary of the Group, entered into loan contracts with the Nanjing Branch of Postal Savings Bank of China, the Wuxi Branch of Industrial and Commercial Bank of China, the Jiangsu Branch of China Development Bank, and Bank of Communications with a total amount of RMB500,000,000, RMB2,400,000,000, RMB2,000,000,000 and RMB300,000,000, respectively, which were secured by the toll road operation rights of Yichang Expressway. As at the end of the Reporting Period, the loan balance amounted to RMB400,000,000, RMB405,000,000, RMB380,000,000 and RMB95,840,000, 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

Applicable Not Applicable

(1) Capital expenditure

During the Reporting Period, the Group incurred investment expenditure (as planned) in a sum of approximately RMB603,549,000, representing a decrease of approximately RMB2,228,560,000 or approximately 78.69% from RMB2,832,109,000 in the corresponding period of the prior year, mainly due to the year-on-year decrease in investments in the construction of road and bridge projects of the Group during the Reporting Period. The investment projects and amount of the Group during the Reporting Period are as follows:

Names of Investment Projects	Amount (RMB)
Longtan Bridge	425,821,793.86
Investment in CDB Kai Yuan Phase II Fund	104,223,693.42
Alteration of and addition to service areas and toll collection points	12,866,686.38
Three major systems and information construction project	1,186,569.68
Other capital expenditure of the Group	59,450,111.56
Total	<u>603,548,854.90</u>

(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 RMB34,563,605,000. The overall gearing ratio of the Group was approximately 49.33%, an increase of approximately 1.59 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.

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

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 RMB13,780,000,000 was obtained through direct financing. As at 30 June 2022, the Group's borrowings amounted to RMB13,583,290,000, of which RMB4,145,508,000 were fixed-rate loans. As at the end of the Reporting Period, the balance of the principal of the interest-bearing liabilities amounted to approximately RMB28,063,290,000, representing an increase of approximately RMB38,542,000 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 3.51%, representing a decrease of approximately 0.11 percentage point year-on-year, approximately 0.73 percentage point lower than the loan prime rate (LPR) for the same period (the amounts stated above are exclusive of interest). Details of the main financing activities during the Reporting Period are set out in Section IX Information on Bonds.

(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 matured debts. In addition, the Group reviews the recovery of its receivables on each balance sheet date to ensure that adequate provisions are made for credit impairment. 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 2022, the outstanding guarantees amounted to approximately RMB285,782,000.

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 2022, the guarantee balance was approximately RMB120,000,000.

(6) Entrusted loans

As at 30 June 2022, 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>765,000,000.00</u>	<u>1,770,000,000.00</u>	<u>–</u>

Note: As at the end of the Reporting Period, the Company's entrusted loan balance was RMB1,770,000,000. In particular, the entrusted loan balance to Zhendan Company, a subsidiary of the Company, was RMB92,000,000, and the entrusted loan balance to Hanwei Company and Ninghu Properties Company, both being wholly-owned subsidiaries of the Company, were RMB833,000,000 and RMB845,000,000, 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 2022, the balance of the loan was equivalent to approximately RMB10,808,000, 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 equity investment

Applicable Not Applicable

During the Reporting Period, the Group's total equity investment was approximately RMB104,000,000, representing a year-on-year decrease of approximately 29.46%. The major items are as follows: among which, YS Energy Company Acquisition Project was considered and approved at the 2021 annual general meeting of the Company in June 2022, and the change of industrial and commercial registration was completed in July.

(1) Material equity investments

Applicable Not Applicable

① *CDB Kai Yuan Phase II Fund*

Upon approval by the board of directors of the Company, Ninghu Investment Company has subscribed for a total of RMB1,200,000,000 units in CDB Kai Yuan Phase II Fund. During the Reporting Period, Ninghu Investment Company made a capital contribution of approximately RMB104,000,000; as at the end of the Reporting Period, Ninghu Investment Company has made a capital contribution of RMB1,177,000,000 in aggregate, representing 98.07% of its committed contribution in total. The main investments include financial, medical, logistics and other industrial projects.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(IV) Analysis of investment (Continued)

1. Overall analysis of external equity investment (Continued)

(1) Material equity investments (Continued)

② *YS Energy Company*

As considered and approved at the 2021 annual general meeting, the Company acquired 100% equity interest in YS Energy Company at a consideration of RMB2,457,000,000. As at the date of this report, the transfer of the equity interest in YS Energy Company was completed and the change of industrial and commercial registration was completed in July.

(2) Material non-equity investments

Applicable Not Applicable

① *Investment in the construction of road and bridge project*

During the Reporting Period, the Group continued to efficiently advance the construction of road and bridge projects under construction in an orderly fashion. Approximately RMB426,000,000 was invested in the construction of Longtan Bridge Project; the total investment of the project amounted to approximately RMB2,432,000,000, accounting for 38.89% of the total investment of the project. 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 equity 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 during the period	Investment income during the period	Change in fair value during the period	Fair value as at the end of the Reporting Period
Fund investments-Fuanda Advantageous Growth	9,999,400.00	Internal funds	-	-	-2,599,844.00	33,723,976.44
Wealth management products	-	Internal funds	4,313,250,215.00	86,984,545.24	-	4,313,250,215.00
Other non-current financial assets (CDB Kai Yuan Phase II)	1,072,566,925.60	Internal funds	104,223,693.42	-	32,407,433.69	1,889,738,147.00
Other non-current financial assets (Zhongbei Zhiyuan)	300,000,000.00	Internal funds	-30,000,000.00	7,920,000.00	-8,159,747.20	253,767,411.11
Other non-current financial assets (Luode Huizhi)	500,000,000.00	Internal funds	-	-	-57,038.12	498,392,635.94
Other non-current financial assets (Jiangsu Leasing Company Convertible Bonds)	391,716,000.00	Internal funds	-	-	13,514,202.00	474,172,218.00
Fuanda Asset Management Scheme	1,203,892,959.28	Internal funds	-	70,000,000.00	235,262,225.84	1,378,025,470.73
Other equity instruments (Bank of Jiangsu)	3,355,983,372.63	Internal funds	-	238,199,920.00	768,194,742.00	4,239,958,576.00
Other equity instruments (Jiangsu Leasing Company)	270,898,456.89	Internal funds	-	81,900,000.00	9,360,000.00	1,200,420,000.00
New shares subscription	-	Internal funds	11,169.68	78,494.99	-	11,169.68

During the Reporting Period, Ninghu Investment Company, a subsidiary of the Company, held Fuanda Advantageous Growth Fund purchased in 2011, being approximately 10,000,000 units in total with a net value of approximately RMB36,323,000 at the beginning of the Reporting Period. Investment cost amounted to approximately RMB9,999,000. There was a decrease in fair value of approximately RMB2,599,000 during the Reporting Period with an increase in cumulative fair value of approximately RMB23,725,000.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

4. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(IV) Analysis of investment (Continued)

1. Overall analysis of external equity investment (Continued)

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

During the Reporting Period, Ninghu Investment Company held the CDB Kai Yuan Phase II Fund subscribed in 2016, with a net value of approximately RMB1,753,107,000 at the beginning of the Reporting Period and an investment cost of RMB1,072,567,000. During the Reporting Period, Ninghu Investment Company increased investment principal of RMB104,224,000. At the end of the Reporting Period, its net value was approximately RMB1,889,738,000. There was an increase in fair value of approximately RMB32,407,000 during the Reporting Period with an increase in cumulative fair value of approximately RMB712,948,000.

During the Reporting Period, Ninghu Investment Company held Zhongbei Zhiyuan subscribed in 2019, where the net value at the beginning of the Reporting Period was approximately RMB291,927,000, the investment cost was RMB300,000,000. The investment recovered during the Reporting Period was approximately RMB30,000,000, with an investment income of approximately RMB7,920,000. The net value at the end of the Reporting Period was approximately RMB253,767,000. The decrease in fair value during the Reporting Period was approximately RMB8,160,000, and the accumulated decrease in fair value was approximately RMB16,233,000; as for Luode Huizhi subscribed in 2020, the net value at the beginning of the Reporting Period was approximately RMB498,450,000, the investment cost was RMB500,000,000, and the net value at the end of the Reporting Period was approximately RMB498,393,000. The decrease in fair value during the Reporting Period was approximately RMB57,000 with a decrease in cumulative fair value of approximately RMB1,607,000.

As at the end of the Reporting Period, the Group held 596 million shares in Bank of Jiangsu (whose shares are listed on the SSE, stock code: 600919) and the fair value of the relevant equity interest at the end of the Reporting Period was approximately RMB4,239,958,580, representing 6.05% of the total assets of the Group. Bank of Jiangsu was opened for business on 24 January 2007 and is one of the 19 systemically important banks in China and the largest corporate bank in Jiangsu Province. By the end of 2021, the total assets of Bank of Jiangsu reached RMB2.62 trillion and ranked 70th among the top 1,000 global banks in 2021, maintained its position as one of the top 100 global banks. During the Reporting Period, the Group received dividends of approximately RMB238,199,920 from Bank of Jiangsu. Bank of Jiangsu demonstrated a solid performance in recent years. The Group's investment in Bank of Jiangsu is based on the Company's confidence in its future development and recognition of its value growth, which is conducive to further improving the efficiency in the use of the funds of the Company, reducing the finance costs of the Company, expanding the profitability channels of the Company and creating greater value for the shareholders. Save for the above-mentioned investment in Bank of Jiangsu, the Group did not hold any other significant investments representing 5% or more of the Group's total assets during the Reporting Period.

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	14,916,212,282.55	8,008,356,973.59	251,794,457.20	14.65	-35.68
Zhendan Company	Expressway construction, management, maintenance and toll collection	423,910,000	70	1,696,218,729.70	431,167,067.91	-17,952,987.83	-	20.20
Wufengshan Toll Bridge Company	Expressway construction, management, maintenance and toll collection	3,112,980,000	64.5	12,549,003,498.85	4,607,680,925.60	-94,274,693.80	-	-
Ninghu Investment Company	Investments in various types of infrastructure, industries and assets	1,954,434,377.98	100	3,738,242,714.37	3,009,528,360.96	45,058,355.30	2.62	-84.73
Ninghu Properties Company	Real estate development, operation and consultancy	500,000,000	100	2,672,473,809.89	1,255,234,128.46	21,673,380.88	1.26	-63.21
Hanwei Company	Real estate development and operation	374,499,800	100	1,459,079,598.57	223,033,864.35	-5,664,984.82	-	-14.34
Yangtze River Management Company	Expressway construction, management and maintenance	50,000,000	100	57,447,719.29	51,821,099.70	988,176.19	0.06	535.63
Longtan Bridge Company	Expressway construction, management, maintenance and toll collection	1,005,090,000.00	53.6	2,456,304,304.26	2,166,822,698.37	793,576.53	0.05	270.05
Ninghu International Company	Overseas infrastructure investment	732,310.87	100	51,836.28	-23,115.72	-21,565.07	-	-96.73
Yangtze Commerce and Energy Company	Operation and management of expressway service areas and other ancillary facilities	100,000,000.00	100	99,305,402.99	99,305,402.99	-285,886.72	-	-

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)

Note 1: During the Reporting Period, Guangjing Xicheng Company, Zhendan Company and Wufengshan Toll Bridge Company, subsidiaries of the Group in road and bridge sector, recorded relatively significant year-on-year decrease in operating results due to the impact of the COVID-19 pandemic.

Note 2: During the Reporting Period, Ninghu Investment Company recorded a year-on-year decrease in its net profit as a result of a significant year-on-year decrease in the fair value of its other non-current financial assets.

Note 3: For the operational performance and changes in the operating results of Ninghu Properties Company and Hanwei Company, please refer to the section headed "Real estate business" in this report.

Note 4: Ninghu International Company recorded a loss during the Reporting Period, which was attributable to agency fees incurred in connection with the acquisition of the project in Turkey.

Note 5: As at the end of the Reporting Period, Yangtze Commerce and Energy Company had no liabilities and therefore its total assets equaled its net assets.

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, the associates of the Group contributed an investment income of approximately RMB312,697,000 to the Group, representing a year-on-year decrease of approximately 29.59%, mainly due to the impact of the COVID-19 pandemic that resulted in the year-on-year decrease in the operating results of the companies in the road and bridge segment, which accounted for a relatively large proportion of the associates. 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 ^(Note 1)	Mainly responsible for the management and operation of Sujiajiang Expressway and Changjia Expressway	957,700,163.00	23.86	205,430,000.00	49,015,598.00	2.85	-48.06
Yangtze Bridge Company	Mainly responsible for the management and operation of Jiangyin Bridge	631,159,243.00	26.66	383,348,196.96	102,200,629.31	5.94	-44.94
Yanjiang Company	Mainly responsible for the management and operation of Yanjiang Expressway	1,466,200,000.00	25.15	307,199,092.75	84,786,949.60	4.93	-31.19
Zijin Trust Company ^(Note 2)	Mainly engaged in trust investment business, etc. approved by laws and regulations or the China Banking Regulatory Commission	1,989,582,000.00	20.00	221,621,467.95	44,324,293.59	2.58	-

Note 1: Suzhou Expressway Company, an associate which is held as to 30.01% by the Company, increased its capital injection to invest in the construction of the Qidu to Taoyuan section of the Sutai Expressway, and the Company did not participate in such capital increase. The industrial and commercial registration of Suzhou Expressway Company was completed on 13 January 2022, the registered capital after the capital increase was RMB2,543 million, and the Company's shareholding decreased to 23.86%.

Note 2: On 6 August 2021, the second meeting of the tenth session of the board of directors of the Company considered and approved the investment in Zijin Trust Company as a strategic investor with its own funds of not more than RMB2,000,000,000. Upon completion of the capital increase, the Company held 20% equity interest in Zijin Trust Company. On 23 September 2021, the Company received the Approval of the Jiangsu Regulatory Bureau of the CBIRC on the Increase of Registered Capital and Adjustment of Shareholding Structure of Zijin Trust Co., Ltd. (Su Yin Bao Jian Fu [2021] No. 404), pursuant to the relevant provisions of the capital increase agreement, the Company allocated a capital increase of RMB1,990,000,000 to complete the capital increase plan.

(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 improving 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 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 Investment plan and financing plan

For the second half of 2022, the main capital expenditures of the Group are expected to be as follows:

Capital Expenditures	Amount <i>(RMB)</i>
Longtan Bridge	874,178,206.14
Extension of Xiyi Expressway	594,872,393.00
Longtan Bridge North Connection Project	2,300,000,000.00
Increase of capital contribution to Factoring Company	100,000,000.00
Acquisition of equity interests in YS Energy Company	2,457,000,000.00
Alteration of and addition to service areas and toll collection points	52,943,313.62
Three major systems and information construction project	67,493,430.32
Other capital expenditure of the Group	<u>129,820,995.44</u>
Total	<u><u>6,576,308,338.52</u></u>

On the basis of fully leveraging its own capital, the Group timely adjusted its financing strategy based on the financing condition of the capital market, while further optimizing its debt structure and reducing capital risks so as to satisfy its own funding needs for operation and development. Meanwhile, the Group is actively exploring various types of financing channels such as convertible bonds and overseas bonds, which will not only provide the Group with efficient funds support for its present stage of development, but also make prior arrangements for its future development strategies. As of the end of the Reporting Period, the Group's ultra short-term notes registered in National Association of Financial Market Institutional Investors but not issued with a time limit over one year were approximately RMB4 billion, the available unutilized bank loan facilities with a time limit over one year were not less than RMB10.0 billion; the credit line will be sufficient for supporting capital expenditure, debt roll-over and business development of the Group. If other capital expenditure is required under special cases, 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	Date of the meeting	Inquiry index of the designated website for publishing the resolutions	Disclosure date of publishing the resolutions	Resolutions of the meeting
2021 Annual General Meeting	17 June 2022	www.sse.com.cn www.hkexnews.hk www.jsexpressway.com	18 June 2022	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 2022 and on the website of the Stock Exchange at www.hkexnews.hk on 17 June 2022.

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 OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Applicable Not Applicable

Name	Position held	Reasons for the change
Cheng Xiaoguang	Director	Resigned
Lin Hui	Director	Resigned
Chen Yunjiang	Director	Elected
Wang Feng	Director	Elected
Ge Yang	Director	Elected
Li Peidong	Senior management member	Appointed

SECTION IV CORPORATE GOVERNANCE

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

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

Applicable Not Applicable

Mr. Cheng Xiaoguang resigned as a Director and the Chairman of the Company on 12 May 2022 due to work reasons and Mr. Lin Hui resigned as an independent non-executive Director of the Company on 11 May 2022 due to the expiry of his term of office of six years with effect upon the by-election of a new independent non-executive Director at the 2021 annual general meeting of the Company (17 June 2022). Mr. Li Peidong was appointed as a senior management member at the seventh meeting of the tenth session of the Board of the Company on 27 January 2022. Mr. Chen Yunjiang, Mr. Wang Feng and Mr. Ge Yang were elected as directors at the 2021 annual general meeting of the Company on 17 June 2022.

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

Nil

During the Reporting Period, the Board of the Company has recommended not to distribute interim dividends for the six months ended 30 June 2022 (for the corresponding period in 2021: Nil).

SECTION IV CORPORATE GOVERNANCE

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

(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 work of companies and their main subsidiaries that are among the key pollutant discharging entities announced by the environmental protection departments

Applicable Not Applicable

(II) Statements on environmental protection work of companies that are not key pollutant discharging entities

Applicable Not Applicable

1. Administrative penalties due to environmental issues

Applicable Not Applicable

2. Disclosure of other environmental information in accordance with the requirements for key pollutant discharging entities

Applicable Not Applicable

(1) Pollution discharge

According to the List of Key Pollutant Discharge Entities in Nanjing 2022, none of the entities of the Group is classified as key pollutant discharge entity. During the Reporting Period, the entities under the Group strictly complied with the relevant national regulatory requirements and relevant environmental protection systems for the emission of waste gas, waste water and greenhouse gas and the disposal of hazardous and non-hazardous waste generated in the course of its business operations, and built a long-term management system for environmental protection.

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

The main pollution sources and pollutants derived from the principal businesses of the entities of the Group are waste gas, waste water, solid waste and noise. Each entity has formulated various control measures for waste gas, waste water, solid waste and noise in accordance with the requirements of relevant laws and regulations, and built a number of pollution prevention and control facilities.

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 (Continued)

For reducing exhaust emissions: For vehicle exhaust emissions, treatment measures are taken for existing motor vehicles in accordance with relevant national regulations, to meet national standards for exhaust emission. For exhaust emissions of canteens, the canteens are equipped with cooking fume removers and use double-suction low-noise centrifugal ventilators for cooking fume adsorption, to reduce the emission concentration of cooking fume; the use of all-electric kitchens is advocated to achieve precise control of oil temperature and reduce the pollution of cooking fume in the kitchens; the catering backyards of the service areas are equipped with cooking fume removers and emission devices that meet the requirements of the national Emission Standard of Cooking Fume, ensuring that cooking fume is discharged in accordance with the standards after treatment.

For strengthening sewage treatment: Promoting the discharging of effluent from the station areas into municipal sewer networks, and for domestic sewage not connected to the municipal sewer network, regular maintenance and overhaul are conducted in strict accordance with the regulations, and professional units are commissioned to monitor sewage discharge in a unified manner, to ensure that sewage treatment meets the requirements of national regulations. Buried integrated sewage treatment facilities, oil separators and septic tanks are installed, and the sewage systems are regularly cleaned on a quarterly basis, to ensure thorough removal of underground waste water and oil. Road surface run-off facilities such as rainwater drainage holes and drainage pipes are installed on bridge decks to reduce the impact on the ecology along the route.

For proper treatment of wastes: Wastes are managed by category, with office waste and domestic waste outsourced to the appropriate qualified external entities for disposal based on their categories; the waste produced during the construction of projects is recycled and disposed of, transported to designated areas or locations for storage in a unified manner, without littering or improper dumping, and 100% recycling is adopted in a reasonable manner. In the first half of 2022, the Group recycled milling material in its asphalt pavement overhaul projects, completing 4,048 cubic metres of milling, with a waste recycling rate of 100%.

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 (Continued)

For reducing noise pollution: Prioritizing local residents' demands for noise reduction, timely adjusting the construction plans and working hours, and reducing noise output during the high school and college entrance exams and other important hours; installing sound barriers, sound-proof windows and increasing the density of green plants cultivation along the expressways at sound sensitive points to reduce noise pollution. In the first half of 2022, the Group conducted noise monitoring at sensitive points on the eastern section of the Shanghai-Chengdu Expressway in accordance with the Sound Environment Standards and added sound barriers with a length of 1,200 metres.

(3) Environmental emergency plans

According to the actual needs, the entities under the Group have formulated special 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 continued to improve the emergency response and command system. In the event of environment-related accidents, the relevant departments and personnel will be organised in a timely manner to take effective measures to prevent the situation from getting worse and report it a higher authority in accordance with the procedures stipulated in the plan, and a written report on the treatment of the matters will be formulated afterwards for submission to the Group's environmental protection working committee, to strengthen the management level and practical ability to prevent and deal with emergencies.

(4) Environmental self-monitoring plan

The Group continues to carry out the construction of comprehensive noise reduction facilities along the expressways, continues to optimise vehicle exhaust degradation equipment, organises environmental protection units to regularly monitor the quality of effluent discharged from each entity, assesses whether the water bodies in each area meet the effluent discharge standard of the city, and carries out timely rectification for areas that do not meet the standards.

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)

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

Revising environmental management system: During the Reporting Period, the Group established an environmental management system in accordance with ISO 14001 and revised five environmental management systems, including the Environmental Protection Management Regulations (《環境保護管理辦法》), the Rules for the Administration of Environmental Impact Control of Related Parties (《相關方環境影響控制管理細則》), the Measures for the Administration of Identification, Evaluation and Control of Environmental Factors (《環境因素識別、評價與控制管理細則》), the Rules for Administration of Energy Resources Control (《能源資源控制管理細則》) and the Rules for Administration of Treatment and Disposal of Solid Waste (《固體廢物處理處置管理細則》), to implement the management of prevention and control of pollution including waste gas, sewage, solid waste and noise, with the target of minimising emissions, so as to maintain the environmental and ecological balance of the road areas of the highways.

(IV) Information on efforts made to facilitate ecological protection, pollution prevention and control, and fulfilment of environmental responsibility

Applicable Not Applicable

During the Reporting Period, the Group strictly complied with relevant national and local environmental laws and regulations, actively implemented various decisions and arrangements on ecological and environmental protection, combined comprehensive overall planning with daily reviews, attached great importance to environmental protection and enhancement during the operation of its expressway business, and continued to promote the dissemination and exchange of environmental protection concepts and technologies among all employees.

Strengthening environmental liability management. Jiangsu Province is working towards the goal of being the first to realise peak carbon emission before the rest of the country does, and to that end, the Group is practicing and exploring in the areas including integrated recycle, integrated noise reduction, runoff management, energy saving and emission reduction assessment. We set annual quantitative environmental targets for greenhouse gas, energy and water consumption, as well as for emissions, hazardous and non-hazardous waste discharge, and break down and allocate the environmental targets to various responsible departments in our daily work to ensure that environmental management is effective.

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 (Continued)

Protecting the ecological environment of areas along the expressways. Working towards the road management and maintenance objectives of “being smooth, safe, comfortable, beautiful”, we implement the work method of planning monthly, arranging weekly and implementing daily, working on road areas environmental improvement and road appearance improvement and upgrading in an all-around way; implement effective greening along the roads and station areas and other land areas in use in accordance with the requirements of the technical specifications, create drainage and interception ditches, and adopt ecological protection technology, soil and water conservation and ecological restoration measures.

Enhancing employees’ awareness of environmental protection. We continue to carry out the “Clear Your Plate” campaign in canteens to reduce waste; select energy-saving and recyclable products in our daily consumption based on the concept of green office; carry out publicity activities on the theme of environmental protection, encourage and guide green travel, and develop employees’ consciousness to protect the environment.

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

Applicable Not Applicable

The Group proactively introduced green and low-carbon technology for road maintenance. Non-stick emulsified asphalt was widely used and high-power dust suction trucks were applied. Unmanned paving, unmanned rolling and other integrated automated construction equipment were more widely used, the application of in-situ thermal regeneration and other green and effective new materials was increased, meanwhile, investment opportunities in strategic emerging industries such as “Transport+” related dual-carbon economy, new energy development and digital economy were deeply explored, cooperation in low-carbon service areas, photovoltaic power, wind power and other indicators for carbon neutrality was strengthened, aiming to build green transport and effectively reduce carbon emission.

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

Applicable Not Applicable

In order to carry out the activities of “Villages-enterprises assisting for mutual development” and “Urban-rural partnering for mutual civilization” in a deep-going way, Yangtze River Management Company, a non-wholly owned subsidiary of the Group, implemented the care and love program of “Dreams rebuilding +”, and sponsored eight “houses of dreams” in target assistance receiving areas including Xuzhou, Jiangyin and Yixing and donated RMB96,000 in aggregate.

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 FUNDS BY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES FOR NON-OPERATIONAL PURPOSE 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 ON 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 23 August 2019, Zhendan Company and Communication 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 Communication and Media Company for management. The term of the agreement shall commence on 1 January 2020 and end on 31 December 2022. The estimated contractual amount in 2022 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 estimated cap for the costs of the management entrustment will be RMB1.26 million (expected not to exceed RMB0.42 million in 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 31 October 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 30 October 2020, respectively.</p>
<p>On 29 October 2021, the Company continued the entrusted management of the operation and management of the northern section of the Changyi Expressway Phase I Project and entered into an entrusted management agreement with Changyi Company (a subsidiary of a connected subsidiary of the Company), with the term of agreement commencing on 1 January 2022 and ending on 30 April 2022 and the estimated agreement amount not exceeding RMB2.5 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 30 October 2021 and on the website of the Stock Exchange at www.hkexnews.hk on 31 October 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)

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

Description of Event	Enquiry Index
<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 would 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 expected total amount of the lease for 3 years will be not more than RMB16 million, among which, the expected lease amount will be not more than RMB4.75 million in 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 28 November 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 27 November 2020, respectively.</p>
<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 expected 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 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 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 estimated 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>

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 2022 were estimated not to exceed RMB40 million, RMB8 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 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 2022 would not exceed RMB28 million, RMB5.5 million and RMB0.60 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 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 were estimated not to exceed RMB3.50 million, RMB1.30 million and RMB0.30 million, respectively in 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 and the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020.</p>
<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 2022 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>

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, 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 not more than RMB27.75 million in total and not more than RMB10 million for 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 6 August 2021, the Company and Communications Holding Human Resources Company (an associate of the controlling shareholder of the Company) entered into the Framework Cooperation Agreement on Consulting Services, for a term from 1 September 2021 to 31 December 2022, with the contract amount not more than RMB1.44 million. The estimated amount would not exceed RMB0.74 million for 2022.</p>	<p>For details, please refer to the announcements on the Board Resolutions published by the Company on the website of the SSE at www.sse.com.cn on 9 August 2021 and on the website of the Stock Exchange at www.hkexnews.hk on 8 August 2021.</p>
<p>On 22 December 2021, Wufengshan Toll Bridge Company (a connected subsidiary of the Company) cooperated with Communications Holding Human Resources Company (an associate of the controlling shareholder of the Company) to conduct the toll service outsourcing project, and signed a toll service outsourcing agreement, for a term from 22 December 2021 to 30 November 2024. The total outsourcing service fee was estimated not to exceed RMB11 million. The estimated outsourcing service fee in 2022 would not exceed RMB3.6 million.</p>	<p>For details, please refer to the announcements on the Board Resolutions published by the Company on the website of the SSE at www.sse.com.cn on 23 December 2021 and on the website of the Stock Exchange at www.hkexnews.hk on 22 December 2021.</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 would 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 would be not more than RMB5.32 million.</p>	<p>For details, please refer to the announcements on the Board Resolutions 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.</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 would not exceed RMB2.50 million (expected not to exceed RMB0.30 million for the year of 2022).</p>	<p>For details, please refer to the announcements on the Board Resolutions 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.</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 Company (being an associate of the controlling shareholder of the Company). Communications Holding Commercial Operation Company leased part of floors of Building A2 of its Zijin Financial Center to Ninghu Investment Company and Factoring Company as office premises from October 2020 to December 2022. The estimated lease rental of Ninghu Investment Company for 2022 would be not exceeding RMB2,298,500 and the lease rental of Factoring Company for 2022 would be not exceeding RMB1,250,700.</p>	<p>For details, please refer to the announcements on the Board Resolutions 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.</p>
<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 RMB15.9 million from 1 January 2022 to 31 March 2022.</p>	<p>For details, please refer to the announcements on the ordinary related/continuing 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 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 framework agreement with Tongxingbao Company (being an associate of the controlling shareholder of the Company) in respect to the SDWAN 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 (expected to be not more than RMB2.35 million for 2022); Wufengshan Toll Bridge Company, a non-wholly owned subsidiary of the Company, entered into the framework agreement with Tongxingbao Company in respect to Cloud dispatch and SDWAN 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, and the estimated amount would not exceed RMB4.80 million for 2022; 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 2022 shall not exceed RMB5.20 million (the amount payable by Guangjing Xicheng Company not more than RMB0.20 million, the amount payable by Changyi Company not more than RMB2.5 million, and the amount payable by Yichang Company not more than RMB2.5 million).</p>	<p>For details, please refer to the announcements on the ordinary related/continuing 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 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, and the amount would not exceed RMB0.55 million for 2022; 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 in 2022 would not exceed RMB1.60 million (the amount payable by Guangjing Xicheng Company not more than RMB1.10 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/continuing 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 29 March 2021.</p>
<p>On 26 March 2021, the Company entered into the framework agreement with Communications Holding Commercial Operation Company (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, and the estimated amount would not exceed RMB686,461 in 2022.</p>	<p>For details, please refer to the announcements on the ordinary related/continuing 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 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 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 area 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, and the estimated amount would not exceed RMB10.00 million from 1 January 2022 to 31 March 2022; 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, and the estimated agreement amount in 2022 shall not exceed RMB11 million (the agreement amount payable by Guangjing Xicheng Company not more than RMB8 million, the agreement amount payable by Changyi Company not more than RMB1.50 million, the agreement amount payable by Yichang Company not more than RMB1.50 million).</p>	<p>For details, please refer to the announcements on the ordinary related/continuing 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 29 March 2021.</p>
<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, and the estimated amount would not exceed RMB2 million from 1 January 2022 to 31 March 2022.</p>	<p>For details, please refer to the announcements on the ordinary related/continuing 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 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 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, and the estimated amount would not exceed RMB1 million in 2022.</p>	<p>For details, please refer to the announcements on the ordinary related/continuing 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 29 March 2021.</p>
<p>On 29 October 2021, Guangjing Xicheng Company (a subsidiary of the Company) and Yichang Company (a subsidiary of Guangjing Xicheng Company) signed a maintenance technical services agreement with Maintenance Technology Company (an associate of controlling shareholder of the Company), for a term from 1 January 2022 to 30 April 2022, with amount of not exceeding RMB3.7 million, of which: not exceeding RMB2.5 million and RMB1.2 million for Guangjing Xicheng Company and Yichang Company, respectively.</p>	<p>For details, please refer to the announcements on the ordinary related/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn on 30 October 2021 and on the website of the Stock Exchange at www.hkexnews.hk on 31 October 2021.</p>
<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 estimated amount of Wufengshan Toll Bridge Company and Suxichang South Expressway Company shall not exceed RMB69 million and RMB69 million in 2022, respectively.</p>	<p>For details, please refer to the announcements on the ordinary related/continuing 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 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 subsidiary of the Company) and its subsidiaries, Changyi Company and Yichang Company intended to enter into relevant purchase agreements with Hetai Expressway Operation Company (an associate of the controlling shareholder of the Company) with respect to purchase of engineering materials for a term commencing on 1 April 2021 and ending on 31 March 2024, with the agreement amount not more than RMB5.85 million. The estimated amounts of Guangjing Xicheng Company, Changyi Company and Yichang Company shall not exceed RMB1.1 million, RMB0.25 million and RMB0.35 million for 2022, respectively.</p>	<p>For details, please refer to the announcements on the ordinary related/continuing 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 29 March 2021.</p>
<p>On 26 March 2021, Guangjing Xicheng Company, a subsidiary of the Company, entered into the relevant agreements with Expressway Petroleum Company (an associate of the controlling shareholder of the Company) and its wholly-owned subsidiary, Taixing Oil Products Company (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 RMB0.50 million. The term of agreements commenced on 1 January 2021 and will end on 31 December 2023 with an agreement amount of not more than RMB78 million based on the estimated petroleum sales volume for 2021 to 2023 (not more than RMB26 million in 2022).</p>	<p>For details, please refer to the announcements on the ordinary related/continuing 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 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, Wufengshan Toll Bridge Company, a subsidiary of the Company, entered into the agreement with Network Operation Company (an associate of the controlling shareholder of the Company) with respect to the expressway network management services for a term commencing on 1 April 2021 and ending on 31 December 2022, with the agreement amount not more than RMB7.50 million, and the estimated amount would not exceed RMB5 million for 2022; Changyi Company and Yichang Company, the subsidiaries of Guangjing Xicheng Company, entered into the framework agreement with Network Operation Company, respectively, with respect to the expressway network management services for a term commencing on 1 January 2021 and ending on 31 December 2023, with the agreement amount not more than RMB9 million. Of which: the estimated amounts of Changyi Company and Yichang Company shall not exceed RMB1.5 million and RMB1.5 million in 2022, respectively.</p>	<p>For details, please refer to the announcements on the ordinary related/continuing 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 29 March 2021.</p>
<p>On 26 March 2021, Zhendan Company and Wufengshan Toll Bridge Company, the subsidiaries of the Company, entered into the framework agreement with Micro Video Company (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 commenced on 1 April 2021 and ended on 31 December 2021 with the estimated amount of not more than RMB0.6 million; the agreement with Wufengshan Toll Bridge Company commenced on 1 April 2021 and would end on 31 December 2023 with the agreement amount of not more than RMB3.80 million, and the estimated amount would be not more than RMB0.6 million for 2022.</p>	<p>For details, please refer to the announcements on the ordinary related/continuing 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 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 subsidiaries of the Company, entered into the framework agreement with Xiandai R&B Company (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 on 1 April 2021 and ending on 31 March 2022, the amount payable by Zhendan Company shall not exceed RMB1.625 million from 1 January 2022 to 31 March 2022; the estimated amount payable by Wufengshan Toll Bridge Company shall not exceed RMB1.15 million from 1 January 2022 to 31 March 2022.</p>	<p>For details, please refer to the announcements on the ordinary related/continuing 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 29 March 2021.</p>
<p>On 26 March 2021, Yangtze River Management Company, a wholly-owned subsidiary of the Company, entered into the relevant lease agreement with Guangjing Xicheng Company (a connected subsidiary of the Company) and Yangtze Bridge Company (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: it is estimated that (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 2022); (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 2022).</p>	<p>For details, please refer to the announcements on the ordinary related/continuing 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 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 River Management Company, a wholly-owned subsidiary of the Company, entered into the entrusted operation management agreement with Yangtze Bridge Company (an associate of the controlling shareholder of the Company), Hutong Bridge Company (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 to entrusted operation and management for a term commencing on 1 April 2021 and ending on 31 December 2023, with the entrusted management fee payable not exceeding RMB188.39 million. Of which: it is estimated that (1) the entrusted fee payable by Yangtze Bridge Company to Yangtze River Management Company shall not exceed RMB64.38 million (not more than RMB21.75 million on 1 April 2022); (2) the entrusted fee payable by Hutong Bridge Company to Yangtze River Management Company shall not exceed RMB34.55 million (not more than RMB11.68 million in 2022); (3) the entrusted fee payable by Guangjing Xicheng Company to Yangtze River Management Company shall not exceed RMB69.34 million (not more than RMB23.44 million in 2022); (4) the entrusted fee payable by Changyi Company to Yangtze River Management Company shall not exceed RMB8.97 million (not more than RMB3.13 million in 2022); (5) the entrusted fee payable by Yichang Company to Yangtze River Management Company shall not exceed RMB11.15 million (not more than RMB3.88 million in 2022).</p>	<p>For details, please refer to the announcements on the ordinary related/continuing 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 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 River Management Company, a wholly-owned subsidiary of the Company entered into the related party transaction agreement with Ninghang Cultural Tourism 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 (the estimated amount would not exceed RMB0.25 million in 2022); Guangjing Xicheng Company (a subsidiary of the Company) and its 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 on 1 January 2021 to 31 December 2023, with the agreement amount not more than RMB2.85 million. Of which: the estimated amount incurred in 2022 shall not exceed RMB0.95 million (the amount payable by Guangjing Xicheng Company not more than RMB0.60 million, the amount payable by Changyi Company not more than RMB0.15 million, and the amount payable by Yichang Company not more than RMB0.20 million).</p>	<p>For details, please refer to the announcements on the ordinary related/continuing 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 29 March 2021.</p>
<p>On 26 March 2021, Yangtze Commerce and Energy Company, a wholly-owned subsidiary of the Company, entered into the relevant framework agreement with its subsidiaries, Wufengshan Toll Bridge Company (a connected subsidiary of the Company) and Suxichang South Expressway Company (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 agreement amount is not more than RMB46.80 million. Of which: the estimated amount payable by Wufengshan Toll Bridge Company shall not exceed RMB28.80 million (not more than RMB8.50 million in the first year of its opening date, not more than RMB9.80 million in the second year of its opening date, and not more than RMB10.50 million in the third year of its opening date); the estimated amount payable by Suxichang South Expressway Company shall not exceed RMB18 million (not more than RMB5.50 million in the first year of its opening date, not more than RMB6 million in the second year of its opening date, and not more than RMB6.50 million in the third year of its opening date).</p>	<p>For details, please refer to the announcements on the ordinary related/continuing 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 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 Company, a wholly-owned subsidiary of the Company, entered into the relevant framework agreement with its subsidiaries, Wufengshan Toll Bridge Company (a connected subsidiary of the Company) and Suxichang South Expressway Company (an associate of the controlling shareholder of the Company), respectively, in respect to the petrol stations leasing, pursuant to which, Wufengshan Toll Bridge Company and Suxichang South Expressway Company shall lease the petrol stations in service areas to Yangtze Commerce and Energy Company 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 agreement amount of not more than RMB20 million. Of which: the estimated amount payable by Wufengshan Toll Bridge Company shall not exceed RMB16 million (not more than RMB5 million in 2022); the estimated amount payable by Suxichang South Expressway Company shall not exceed RMB4 million (the estimated amount would not exceed RMB1.35 million in 2022).</p>	<p>For details, please refer to the announcements on the ordinary related/continuing 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 29 March 2021.</p>
<p>On 26 March 2021, the Company entered into the property leasing agreement with Railway Group Company (an associate of the controlling shareholder of the Company) with an annual rent of RMB3,973,640, for a term from 1 January 2021 to 31 December 2023, the total rent is approximately RMB11,920,920.</p>	<p>For details, please refer to the announcements on the ordinary related/continuing 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 29 March 2021.</p>
<p>On 26 March 2021, the Company and Tongxingbao Company (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. The agreement amount shall not exceed RMB1 million temporarily with reference to the prevailing rent of similar properties and the total amount of rent, all utilities and charges for sewage discharge for a term from 1 April 2021 to 31 March 2022 (of which, the estimated amount would not exceed RMB0.25 million from 1 January 2022 to 31 March 2022).</p>	<p>For details, please refer to the announcements on the ordinary related/continuing 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 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 29 October 2021, Guangjing Xicheng Company, a subsidiary of the Company, as well as Changyi Company and Yichang Company, both being subsidiaries of Guangjing Xicheng Company, entered into an expressway network technical service agreement with Tongxingbao Company (an associate of the controlling shareholder of the Company), respectively, with respect to the provision of expressway network technical service by Tongxingbao Company, all for a term commencing on 1 January 2022 and ending on 30 April 2022, with a contract amount of not exceeding RMB3.2 million, of which the amount would not exceed RMB2 million for Guangjing Xicheng Company, RMB0.7 million for Changyi Company and RMB0.5 million for Yichang Company.</p>	<p>For details, please refer to the announcements on the ordinary related/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn on 30 October 2021 and on the website of the Stock Exchange at www.hkexnews.hk on 31 October 2021.</p>
<p>On 26 March 2021, Guangjing Xicheng Company and its subsidiaries, Changyi Company and Yichang Company entered into relevant agreement with Communication and Media Company (an associate of the controlling shareholder of the Company), respectively, in respect to the lease of advertising media for a term from 1 January 2021 to 31 December 2023, where the estimated total rental for three years payable by Communication and Media Company shall not exceed RMB20.40 million. In particular, the agreement amount payable by Guangjing Xicheng Company shall not exceed RMB17 million (expected not to exceed RMB8 million in 2022), the agreement amount payable by Changyi Company shall not exceed RMB1.50 million (not more than RMB0.5 million in 2022), and the agreement amount payable by Yichang Company shall not exceed RMB1.90 million (not more than RMB0.6 million in 2022).</p>	<p>For details, please refer to the announcements on the ordinary related/continuing 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 29 March 2021.</p>
<p>On 22 December 2021, Ninghu Investment Company (寧滬投資公司), a wholly-owned subsidiary of the Company, entered into an advertising operation and publication cooperation agreement with Communication and Media Company (an associate of the controlling shareholder of the Company) for a term from 1 January to 30 April 2022. In particular, Communication and Media Company shall pay the corresponding advertisement publication fee to Ninghu Investment Company of not exceeding RMB12.06 million, and the advertising facility maintenance and repair and such other entrusted management fees payable by Ninghu Investment Company to Communication and Media Company shall not exceed RMB1.91 million.</p>	<p>For details, please refer to the announcements on Board Resolutions published by the Company on the website of the SSE at www.sse.com.cn on 23 December 2021 and on the website of the Stock Exchange at www.hkexnews.hk on 22 December 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, Changyi Company and Yichang Company, the subsidiaries of Guangjing Xicheng Company, entered into the relevant training agreements with Communications Holding Human Resources Company (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 estimated amount payable by Changyi Company shall not exceed RMB1 million (expected not to exceed RMB0.60 million in 2022), the agreement amount payable by Yichang Company shall not exceed RMB1.20 million (expected not to exceed RMB0.70 million in 2022).</p>	<p>For details, please refer to the announcements on the ordinary related/continuing 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 29 March 2021.</p>
<p>On 29 October 2021, Guangjing Xicheng Company, a subsidiary of the Company, as well as Changyi Company and Yichang Company, both being subsidiaries of Guangjing Xicheng Company, entered into a maintenance project construction contract with Xiandai R&B Company (an associate of the controlling shareholder of the Company), respectively, for a term commencing on 1 January 2022 and ending on 30 April 2022, with a contract amount of not exceeding RMB10 million, of which the estimated amount would not exceed RMB8.2 million for Guangjing Xicheng Company, RMB0.8 million for Changyi Company and RMB1 million for Yichang 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 30 October 2021 and on the website of the Stock Exchange at www.hkexnews.hk on 31 October 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 29 October 2021, the Company entered into the tripartite construction entrustment agreement for the project of simultaneous construction of the intersection section of G4221 Shanghai-Wuhan Expressway with Jiangsu South Riverside Intercity Railway Co., Ltd. (江蘇南沿江城際鐵路有限公司) and Nanjing Railway Terminal Project Construction Headquarters of China Railway Shanghai Group Co., Ltd. (中國鐵路上海局集團有限公司南京鐵路樞紐工程建設指揮部), for a term commencing on the date of signing of the contract and expiring on 31 December 2021, with an agreement amount of not exceeding RMB9 million, of which the amount in respect of the relevant design fee with Jiangsu South Riverside Intercity Railway Co., Ltd. shall not exceed RMB0.85 million. On the same date, Guangjing Xicheng Company, a subsidiary of the Company, entered into the tripartite construction entrustment agreement for the project of simultaneous construction of the intersection section of G2 Beijing-Shanghai Expressway with Jiangsu South Riverside Intercity Railway Co., Ltd. (江蘇南沿江城際鐵路有限公司) and Nanjing Railway Terminal Project Construction Headquarters of China Railway Shanghai Group Co., Ltd.* (中國鐵路上海局集團有限公司南京鐵路樞紐工程建設指揮部), for a term commencing on the date of signing of the contract upon the approval thereof by the Board and expiring on 30 May 2022, with an agreement amount of not exceeding RMB21 million, of which the amount in respect of the relevant design fee with Jiangsu South Riverside Intercity Railway Co., Ltd. shall not exceed RMB1.2 million.</p>	<p>For details, please refer to the announcements on the resolutions of the Board published by the Company on the website of the SSE at www.sse.com.cn on 30 October 2021 and on the website of the Stock Exchange at www.hkexnews.hk on 31 October 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 22 December 2021, the Company, Yangtze Commerce and Energy Company (a wholly-owned subsidiary of the Company), Wufengshan Company and Zhendan Company (both being subsidiaries of the Company), carried out cooperation with Kuailu Company (an associate of the controlling shareholder of the Company), for Kuailu Company's provision of outsourcing commuter bus services and signed commuter bus services outsourcing agreements for a term from 1 January to 30 April 2022, among which the amount of the agreement between the Company and Kuailu Company shall not exceed RMB5,160,000, the amount of the agreement between Yangtze Commerce and Energy Company and Kuailu Company shall not exceed RMB568,000, the amount of the agreement between Wufengshan Company and Kuailu Company shall not exceed RMB1,205,000 and the amount of the agreement between Zhendan Company and Kuailu Company shall not exceed RMB546,000.</p>	<p>For details, please refer to the announcements on Board Resolutions published by the Company on the website of the SSE at www.sse.com.cn on 23 December 2021 and on the website of the Stock Exchange at www.hkexnews.hk on 22 December 2021.</p>
<p>On 25 March 2022, the Company and its subsidiaries, being Wufengshan Toll Bridge Company, Guangjing Xicheng Company and its subsidiaries, namely Changyi Company and Yichang Company, entered into annual framework agreements with Micro Video Company (an associate of the controlling shareholder of the Company) in respect of the cloud services for the digital transformation. The term of the agreements commenced on 1 May 2022 and will end on 30 April 2023, and the agreement amount shall not exceed RMB4,233,900, among which, the amount of the agreement between the Company and Micro Video Company shall not exceed RMB3.1 million (with an estimated amount of not exceeding RMB2 million in 2022); the amount of the agreement between Wufengshan Toll Bridge Company and Micro Video Company shall not exceed RMB0.65 million (with an estimated amount of not exceeding RMB0.47 million in 2022); the amount of the agreement between Guangjing Xicheng Company and Micro Video Company shall not exceed RMB0.3112 million (with an estimated amount of not exceeding RMB0.21 million in 2022); the amount of the agreement between Changyi Company and Micro Video Company shall not exceed RMB26,000 (with an estimated amount of not exceeding RMB17,000 in 2022); the amount of the agreement between Yichang Company and Micro Video Company shall not exceed RMB0.1467 million (with an estimated amount of not exceeding RMB97,700 in 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 and on the website of the Stock Exchange at www.hkexnews.hk on 28 March 2022.</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 25 March 2022, the Company and Wufengshan Toll Bridge Company (a subsidiary of the Company), entered into annual framework agreements with Information Company (an associate of the controlling shareholder of the Company) in relation to the construction and maintenance services of the electromechanical system, spare parts entrusted management services and smart service area development and application management services, among which, the term for the construction and maintenance services of the electromechanical system between the Company and Information Company commenced on 1 May 2022 and will end on 30 April 2023, with an amount not exceeding RMB33 million (with an estimated amount of not exceeding RMB22 million in 2022); the term for the spare parts entrusted management services between the Company and Information Company commenced on 1 May 2022 and will end on 30 April 2023, with an amount not exceeding RMB7 million (with an estimated amount of not exceeding RMB5 million in 2022); the term for the smart service area development and application management services between the Company and Information Company commenced on 1 May 2022 and will end on 30 April 2023, with an amount not exceeding RMB3 million (with an estimated amount of not exceeding RMB2 million in 2022); the term for the smart service area development and application management services between Wufengshan Toll Bridge Company and Information Company commenced on 1 April 2022 and will end on 31 December 2022, with an amount not exceeding RMB2.9 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 on the website of the Stock Exchange at www.hkexnews.hk on 28 March 2022.</p>
<p>On 25 March 2022, the Company and Jiangsu Communications Holding (the controlling shareholder of the Company) entered into an annual framework agreement in relation to the cloud resource use and fire rescue station construction services. The term of the agreement is from 1 May to 31 December 2022, and the agreement amount shall not exceed RMB4.3323 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 on the website of the Stock Exchange at www.hkexnews.hk on 28 March 2022.</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 25 March 2022, the Company, Zhendan Company, Wufengshan Toll Bridge Company (both being subsidiaries of the Company), Guangjing Xicheng Company (also a subsidiary of the Company) and its subsidiaries, namely Yichang Company and Changyi Company, entered into annual framework agreements with Tongxingbao Company (an associate of the controlling shareholder of the Company) in respect of cloud dispatch technology services and SD-WAN services and other network system services, road network technology services, ETC contactless payment system services and ETC customer service outlets leasing, among which, the term for the road network technology services between the Company and Tongxingbao Company is from 1 January to 30 April 2023, and the amount shall not exceed RMB9 million; the term for the road network technology services between Guangjing Xicheng Company and Tongxingbao Company is from 1 May 2022 to 30 April 2023, and the amount shall not exceed RMB6.7 million (with an estimated amount of not exceeding RMB4.5 million in 2022); the term for the road network technology services between Changyi Company and Tongxingbao Company is from 1 May 2022 to 30 April 2023, and the amount shall not exceed RMB0.85 million (with an estimated amount of not exceeding RMB0.5 million in 2022); the term for the road network technology services between Yichang Company and Tongxingbao Company is from 1 May 2022 to 30 April 2023, and the amount shall not exceed RMB0.90 million (with an estimated amount of not exceeding RMB0.5 million in 2022); the term for the road network technology services between Zhendan Company and Tongxingbao Company is from 1 January to 30 April 2023, and the amount shall not exceed RMB0.25 million; the term for the road network technology services between Wufengshan Toll Bridge Company and Tongxingbao Company is from 1 January to 30 April 2023, and the amount shall not exceed RMB1.30 million; the term for the cloud dispatch technology services between the Company and Tongxingbao Company is from 1 May 2022 to 30 April 2023, and the amount shall not exceed RMB2 million (with an estimated amount of not exceeding RMB1.33 million in 2022); the term for the cloud dispatch technology services between Zhendan Company and Tongxingbao Company is from 1 May 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 and on the website of the Stock Exchange at www.hkexnews.hk on 28 March 2022.</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

to 30 April 2023, and the amount shall not exceed RMB60,000 (with an estimated amount of not exceeding RMB40,000 in 2022); the term for the cloud dispatch technology services between Guangjing Xicheng Company and Tongxingbao Company is from 1 January to 30 April 2023, and the amount shall not exceed RMB0.2 million; the term for the cloud dispatch technology services between Changyi Company and Tongxingbao Company is from 1 January to 30 April 2023, and the amount shall not exceed RMB10,000; the term for the cloud dispatch technology services between Yichang Company and Tongxingbao Company is from 1 January to 30 April 2023, and the amount shall not exceed RMB0.1 million; the term for the SD-WAN services between the Company and Tongxingbao Company is from 1 January to 30 April 2023, and the amount shall not exceed RMB1.20 million; the term for the SD-WAN services between Guangjing Xicheng Company and Tongxingbao Company is from 1 January to 30 April 2023, and the amount shall not exceed RMB0.40 million; the term for the SD-WAN services between Changyi Company and Tongxingbao Company is from 1 January to 30 April 2023, and the amount shall not exceed RMB60,000; the term for the SD-WAN services between Yichang Company and Tongxingbao Company is from 1 January to 30 April 2023, and the amount shall not exceed RMB30,000; the term for the SD-WAN services between Zhendan Company and Tongxingbao Company is from 1 January to 30 April 2023, and the amount shall not exceed RMB0.10 million; the term for the service area gas stations retail management system between the Company and Tongxingbao Company is from 1 April to 31 December 2022, and the amount shall not exceed RMB2.50 million; the term for the ETC customer service outlets leasing between the Company and Tongxingbao Company is from 1 May 2022 to 30 April 2023, and the amount shall not exceed RMB0.80 million (with an estimated amount of not exceeding RMB0.53 million in 2022); the term for the ETC customer service outlets leasing between Guangjing Xicheng Company and Tongxingbao Company is from 1 January to 30 April 2023, and the amount shall not exceed RMB30,000; the term for the ETC contactless payment system services between the Company and Tongxingbao Company is from 1 May 2022 to 30 April 2023, and the amount shall not exceed RMB2.10 million (with an estimated amount of not exceeding RMB1.40 million in 2022).

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 25 March 2022, the Company and its subsidiaries, being Zhendan Company, Wufengshan Toll Bridge Company, Guangjing Xicheng Company and its subsidiaries, namely Changyi Company and Yichang Company, entered into annual framework agreements with Xiandai R&B Company (an associate of the controlling shareholder of the Company) in respect of the highway maintenance and construction services, bridge expansion and joint replacement services, greening improvement and environmental improvement services, traffic safety facilities improvement services, among which, the term for the highway maintenance and construction services agreement between the Company and Xiandai R&B Company is from 1 May 2022 to 30 April 2023, and the amount shall not exceed RMB171.87 million (with an estimated amount of not exceeding RMB132.25 million in 2022); the term for the highway maintenance and construction services agreement between Guangjing Xicheng Company and Xiandai R&B Company is from 1 May 2022 to 30 April 2023, and the amount shall not exceed RMB149.83 million (with an estimated amount of not exceeding RMB141.63 million in 2022); the term for the highway maintenance and construction services agreement between Changyi Company and Xiandai R&B Company is from 1 May 2022 to 30 April 2023, and the amount shall not exceed RMB1.40 million (with an estimated amount of not exceeding RMB0.80 million in 2022); the term for the highway maintenance and construction services agreement between Yichang Company and Xiandai R&B Company is from 1 May 2022 to 30 April 2023, and the amount shall not exceed RMB2.30 million (with an estimated amount of not exceeding RMB1.50 million in 2022); the term for the highway maintenance and construction services agreement between Zhendan Company and Xiandai R&B Company is from 1 May 2022 to 30 April 2023, and the amount shall not exceed RMB4.36 million (with an estimated amount of not exceeding RMB2.91 million in 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 and on the website of the Stock Exchange at www.hkexnews.hk on 28 March 2022.</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

the term for the highway maintenance and construction services agreement between the Wufengshan Toll Bridge Company and Xiandai R&B Company is from 1 May 2022 to 30 April 2023, and the amount shall not exceed RMB4.17 million (with an estimated amount of not exceeding RMB2.78 million in 2022); the term for the company greening improvement and environmental improvement services agreement between the Company and Xiandai R&B Company is from 1 May to 31 December 2022, and the amount shall not exceed RMB4.84 million; the term for the traffic safety facilities improvement services agreement between the Company and Xiandai R&B Company is from 1 May to 31 December 2022, and the amount shall not exceed RMB80.78 million; the term for the bridge expansion and joint replacement services agreement between the Company and Xiandai R&B Company is from 1 May 2022 to 30 April 2023, and the amount shall not exceed RMB12.81 million (with an estimated amount of not exceeding RMB10 million in 2022); the term for the agreement for ice and snow removal services in bad weather between the Company and Xiandai R&B Company is from 1 May to 31 December 2022, and the amount shall not exceed RMB7.48 million.

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 25 March 2022, the Company and its subsidiaries, namely Zhendan Company and Wufengshan Toll Bridge Company entered into annual framework agreements with East Road & Bridge Company (an associate of the controlling shareholder of the Company) in respect of the winter emergency maintenance services, with an agreement term from 1 May to 31 December 2022 and an agreement amount of not exceeding RMB11.35 million, among which, the amount of the agreement for the Company shall not exceed RMB5.26 million, the amount of the agreement for Zhendan Company shall not exceed RMB2.14 million and the amount of the agreement for Wufengshan Toll Bridge Company shall not exceed RMB3.95 million.

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 on the website of the Stock Exchange at www.hkexnews.hk on 28 March 2022.

On 25 March 2022, the Company and its subsidiaries, namely Guangjing Xicheng Company and Wufengshan Toll Bridge Company entered into annual framework agreements with Sundian Testing Company in respect to the road and bridge inspection and testing services. Among which, the term for the road and bridge inspection and testing and construction services between Guangjing Xicheng Company and Sundian Testing Company is from 1 May to 31 December 2022, and the amount shall not exceed RMB2.22 million; the term for the underwater pile foundation inspection services between Wufengshan Toll Bridge Company and Sundian Testing Company is from 1 May to 30 June 2022, and the amount shall not exceed RMB0.50 million; the term for the all-line electromechanical portal structure safety inspection service between the Company and Sundian Testing Company is from 1 May to 30 June 2022, and the amount shall not exceed RMB2.06 million.

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 on the website of the Stock Exchange at www.hkexnews.hk on 28 March 2022.

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 25 March 2022, the Company and its subsidiaries, being Zhendan Company, Wufengshan Toll Bridge Company, Guangjing Xicheng Company and its subsidiaries, namely Changyi Company and Yichang Company, entered into annual framework agreements with Maintenance Technology Company (an associate of the Company's controlling shareholder) in respect of the comprehensive maintenance technology services, basic membership fees of the council and bridge navigation safety risk investigation and comprehensive assessment consulting services, among which, the term for the comprehensive maintenance technology services between the Company and Maintenance Technology Company is from 1 May 2022 to 30 April 2023, and the amount shall not exceed RMB15.26 million (with an estimated amount of not exceeding RMB14.26 million in 2022); the term for the comprehensive maintenance technology services between Guangjing Xicheng Company and Maintenance Technology Company is from 1 May to 31 December 2022, and the amount shall not exceed RMB7.06 million; the term for the comprehensive maintenance technology services between Changyi Company and Maintenance Technology Company is from 1 May to 31 December 2022, and the amount shall not exceed RMB0.87 million; the term for the comprehensive maintenance technology services between Yichang Company and Maintenance Technology Company is from 1 May to 31 December 2022, and the amount shall not exceed RMB1.93 million; the term for the comprehensive maintenance technology services between Zhendan Company and Maintenance Technology Company is from 1 May to 31 December 2022, and the amount shall not exceed RMB0.41 million; the term for the comprehensive maintenance technology services between Wufengshan Toll Bridge Company and</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 on the website of the Stock Exchange at www.hkexnews.hk on 28 March 2022.</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

Maintenance Technology Company is from 1 May to 31 December 2022, and the amount shall not exceed RMB0.40 million; the term for the basic membership fees of the council between the Company and Maintenance Technology Company is from 1 May to 31 December 2022, and the amount shall not exceed RMB4.50 million; the term for the basic membership fees of the council between Guangjing Xicheng Company and Maintenance Technology Company is from 1 May to 31 December 2022, and the amount shall not exceed RMB1.25 million; the term for the basic membership fees of the council between Changyi Company and Maintenance Technology Company is from 1 May to 31 December 2022, and the amount shall not exceed RMB0.25 million; the term for the basic membership fees of the council between Yichang Company and Maintenance Technology Company is from 1 May to 31 December 2022, and the amount shall not exceed RMB0.40 million; the term for the basic membership fees of the council between Zhendan Company and Maintenance Technology Company is from 1 May to 31 December 2022, and the amount shall not exceed RMB0.15 million; the term for the basic membership fees of the council between Wufengshan Toll Bridge Company and Maintenance Technology Company is from 1 May to 31 December 2022, and the amount shall not exceed RMB0.15 million; the term for the bridge navigation safety and risk inspection and comprehensive assessment project (consultation) services between the Company and Maintenance Technology Company is from 1 May to 31 December 2022, and the amount shall not exceed RMB3.72 million.

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 25 March 2022, the Company and Huatong Engineering Company (an associate of the controlling shareholder of the Company) entered into an annual framework agreement in relation to the dynamic weighing system operation and maintenance services and bridge maintenance and reinforcement projects, among which, the term for the dynamic weighing system operation and maintenance services between the Company and Huatong Engineering Company is from 1 May to 31 December 2022, and the amount shall not exceed RMB0.50 million; the term for the bridge maintenance and reinforcement services between the Company and Huatong Engineering Company is from 1 May 2022 to 30 April 2023, and the amount shall not exceed RMB19.50 million (with an estimated amount of not exceeding RMB18 million in 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 and on the website of the Stock Exchange at www.hkexnews.hk on 28 March 2022.</p>
<p>On 25 March 2022, the Company and its wholly-owned subsidiaries Ninghu Investment Company and its wholly-owned subsidiary, namely Factoring Company, Yangtze River Management Company and Guangjing Xicheng Company (a subsidiary of the Company) entered into annual framework agreements with Communications Holding Commercial Operation Company (an associate of the Company's controlling shareholder) in respect to office leasing and material procurement, among which, the term for the office leasing between Ninghu Investment Company and Communications Holding Commercial Operation Company is from 1 January to 30 April 2023, and the amount shall not exceed RMB0.85 million; the term for the office leasing between Factoring Company and Communications Holding Commercial Operation Company is from 1 January to 30 April 2023, and the amount shall not exceed RMB0.45 million; the term for the material procurement services between Yangtze River Management Company and Communications Holding Commercial Operation Company is from 1 May 2022 to 30 April 2023, and the amount shall not exceed RMB0.12 million (with an estimated amount of not exceeding RMB80,000 in 2022); the term for the material procurement services between Guangjing Xicheng Company and Communications Holding Commercial Operation Company is from 1 May 2022 to 30 April 2023, and the amount shall not exceed RMB0.45 million (with an estimated amount of not exceeding RMB0.40 million in 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 and on the website of the Stock Exchange at www.hkexnews.hk on 28 March 2022.</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 25 March 2022, the Company and its wholly-owned subsidiaries Yangtze River Management Company, Ninghu Investment Company and its wholly-owned subsidiary, namely Factoring Company, Ninghu Properties Company and Guangjing Xicheng Company (a subsidiary of the Company) and its subsidiaries, Changyi Company and Yichang Company entered into annual framework agreements with Communications Holding Human Resources Company (an associate of the controlling shareholder of the Company) in respect of the human resources services, with agreement term from 1 January 2022 to 30 April 2023 and an agreement amount of not exceeding RMB20 million, among which, the amount of the agreement for the Company shall not exceed RMB15.70 million (with an estimated amount of not exceeding RMB9.42 million in 2022), the amount of the agreement for Yangtze River Management Company shall not exceed RMB0.90 million (with an estimated amount of not exceeding RMB0.54 million in 2022), the amount of the agreement for Guangjing Xicheng Company shall not exceed RMB2 million (with an estimated amount of not exceeding RMB1.20 million in 2022), the amount of the agreement for Changyi Company shall not exceed RMB0.50 million (with an estimated amount of not exceeding RMB0.30 million in 2022), the amount of the agreement for Yichang Company shall not exceed RMB0.60 million (with an estimated amount of not exceeding RMB0.36 million in 2022), the amount of the agreement for Ninghu Investment Company shall not exceed RMB0.10 million (with an estimated amount of not exceeding RMB60,000 in 2022), the amount of the agreement for Factoring Company shall not exceed RMB0.10 million (with an estimated amount of not exceeding RMB60,000 in 2022), the amount of the agreement for Ninghu Properties Company shall not exceed RMB0.10 million (with an estimated amount of not exceeding RMB60,000 in 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 and on the website of the Stock Exchange at www.hkexnews.hk on 28 March 2022.</p>
<p>On 25 March 2022, the Company and Expressway Petroleum Company (an associate of the Company's controlling shareholder) entered into an annual framework agreement in relation to the lease of 7 gas stations in 4 service areas of Ningchang Zhenli Section, with an agreement term from 1 January 2022 to 30 April 2023 and an agreement amount of not exceeding RMB25.60 million (with an estimated amount of not exceeding RMB19 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 on the website of the Stock Exchange at www.hkexnews.hk on 28 March 2022.</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 25 March 2022, the Company and Wufengshan Toll Bridge Company (a connected subsidiary of the Company) and Suxichang South Expressway Company (an associate of the controlling shareholder of the Company) entered into annual framework agreements in relation to the leasing of gas stations in Guangling Service Area in Yangzhou and Taihuan Service Area in Wujin, among which, the term for the service areas gas station leasing for Wufengshan Toll Bridge Company is from 1 May 2022 to 30 April 2023, and the amount shall not exceed RMB3.10 million (with an estimated amount of not exceeding RMB2.40 million in 2022); the term for the service areas gas station leasing for Suxichang South Expressway Company is from the opening date to 30 April 2023, and the amount shall not exceed RMB0.95 million (with an estimated amount of not exceeding RMB0.60 million in 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 and on the website of the Stock Exchange at www.hkexnews.hk on 28 March 2022.</p>
<p>On 25 March 2022, the Company and its wholly-owned subsidiary, namely Ninghu Investment Company, entered into annual framework agreements with Communication and Media Company (an associate of the controlling shareholder of the Company) in respect of the promotion and production service commission and advertisement operation and publication cooperation, among which, the term for the promotion and production service commission between the Company and Communication and Media Company is from 1 May 2022 to 30 April 2023, and the amount shall not exceed RMB5.0623 million (with an estimated amount of not exceeding RMB4.8623 million in 2022); the term for the LED screen cooperation between the Company and Communication and Media Company is from 1 May to 31 December 2022, and the amount shall not exceed RMB0.20 million; the term for the advertisement operation and publication cooperation between Ninghu Investment Company and Communication and Media Company is from 1 May 2022 to 30 April 2025, and the amount shall not exceed RMB121 million (with an estimated amount of not exceeding RMB27 million in 2022); the term for the entrusted management fee between Ninghu Investment Company and Communication and Media Company is from 1 May 2022 to 30 April 2025, and the amount shall not exceed RMB17.50 million (with an estimated amount of not exceeding RMB3.9 million in 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 and on the website of the Stock Exchange at www.hkexnews.hk on 28 March 2022.</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 25 March 2022, the Company and its wholly-owned subsidiary, namely Ninghu Investment Company and Factoring Company (a wholly-owned subsidiary of Ninghu Investment Company) entered into annual framework agreements with Cuiplingshan Hotel (an associate of the Company's controlling shareholder) in relation to the procurement of goods and services, with agreement term from 1 May 2022 to 30 April 2023 and an agreement amount of not exceeding RMB3.0039 million (with an estimated amount of not exceeding RMB2.2339 million for 2022), among which, the amount for the Company shall not exceed RMB2.9239 million (with an estimated amount of not exceeding RMB2.1839 million in 2022), the amount for Ninghu Investment Company shall not exceed RMB30,000 (with an estimated amount of not exceeding RMB20,000 in 2022), the amount for Factoring Company shall not exceed RMB50,000 (with an estimated amount of not exceeding RMB30,000 in 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 and on the website of the Stock Exchange at www.hkexnews.hk on 28 March 2022.</p>
<p>On 25 March 2022, the Company and Factoring Company (a wholly-owned subsidiary of the Company) and Guangjing Xicheng Company, Zhendan Company and Wufengshan Toll Bridge Company (all being subsidiaries of the Company) entered into annual framework agreements with Kuailu Company in respect of the vehicle leasing, with agreement term from 1 May 2022 to 30 April 2023 and an agreement amount of not exceeding RMB27.2912 million (with an estimated amount of not exceeding RMB18.6461 million in 2022), among which, the amount for the Company shall not exceed RMB19.5312 million (with an estimated amount of not exceeding RMB13.2761 million in 2022), the amount for Factoring Company shall not exceed RMB40,000 (with an estimated amount of not exceeding RMB20,000 in 2022), the amount for Guangjing Xicheng Company shall not exceed RMB1.45 million (with an estimated amount of not exceeding RMB1 million in 2022), the amount for Wufengshan Toll Bridge Company shall not exceed RMB4.66 million (with an estimated amount of not exceeding RMB3.10 million in 2022), the amount for Zhendan Company shall not exceed RMB1.61 million (with an estimated amount of not exceeding RMB1.07 million in 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 and on the website of the Stock Exchange at www.hkexnews.hk on 28 March 2022.</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 25 March 2022, Guangjing Xicheng Company, a subsidiary of the Company, and Engineering Maintenance Company (an associate of the controlling shareholder of the Company) entered into an annual framework agreement in relation to the maintenance services for the section around Taihu Lake, with an agreement term from 1 May to 31 December 2022 and an agreement amount of not exceeding RMB1 million.	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 on the website of the Stock Exchange at www.hkexnews.hk on 28 March 2022.
On 25 March 2022, the Company and Changyi Company (a connected subsidiary of the Company) entered into an annual framework agreement in relation to the Company's acceptance of entrusted operation and management of the north section of Changyi Phase I Project, with an agreement term from 1 May 2022 to 30 April 2023 and an agreement amount of not exceeding RMB9.52 million (with an estimated amount of not exceeding RMB6.30 million in 2022).	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 on the website of the Stock Exchange at www.hkexnews.hk on 28 March 2022.
On 29 April 2022, since the simultaneous construction of the project of G4221 Shanghai-Wuhan Expressway Jintan East Interchange between the Company and South Riverside Intercity Railway was delayed, the Company and South Riverside Intercity Railway Company and Nanjing Railway Terminal Project Construction Headquarters of China Railway Shanghai Group Co., Ltd. entered into an entrusted construction agreement for a term until 30 November 2022, and the amount of relevant design fee would be increased from not more than RMB850,000 to not more than RMB1,050,000.	For details, please refer to the announcements on Board Resolutions published by the Company on the website of the SSE at www.sse.com.cn on 30 April 2022 and on the website of the Stock Exchange at www.hkexnews.hk on 29 April 2022.
On 17 June 2022, the Company and its wholly-owned subsidiaries, being Ninghu Investment Company and its wholly-owned subsidiaries, namely Factoring Company, Ninghu Properties Company, Hanwei Company entered into an agreement in relation to the procurement of supplies with Communications Holding Commercial Operation Company (an associate of the controlling shareholder of the Company). The term of the agreement is from 1 July 2022 to 30 April 2023, and the amount of the agreement shall not exceed RMB23,096,000 (with an estimated amount of not exceeding RMB14,416,000 in 2022).	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 18 June 2022 and on the website of the Stock Exchange at www.hkexnews.hk on 17 June 2022.

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

Description of Event

Enquiry Index

On 17 June 2022, as considered and approved at the 2021 annual general meeting of the Company, the acquisition of the 100% equity interest held by Jiangsu Communications Holding (the controlling shareholder of the Company) in YS Energy Company at a consideration of RMB2,457 million was approved. As at the date of this report, the settlement of the equity interest in YS Energy Company was completed, and the change of industrial and commercial registration was completed in July.

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 30 April 2022 and on the website of the Stock Exchange at www.hkexnews.hk on 29 April 2022 and the announcements on the resolutions of the general meeting published by the Company on the website of the SSE at www.sse.com.cn on 18 June 2022 and on the website of the Stock Exchange at www.hkexnews.hk on 17 June 2022.

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

On 23 December 2019, at the fourteenth meeting of the ninth session of the Board of the Company, the formation of a six-party consortium with another five companies by the Company through Ninghu International Company, a wholly-owned subsidiary of the Company, was approved, to acquire the 51% equity interests in and the 51% original shareholder's loan of ICA Company in Turkey and the 51% equity interests in Eurasia Motorway Maintenance and Operations Limited in Hong Kong.

After the entering into of the Share Purchase Agreement, all parties to the transaction have been actively pursuing the acquisition. However, in view of the fact that the parties to the transaction have not been able to reach a consensus on the relevant terms of the refinancing arrangement (which was supposed to take effect immediately upon the settlement of the acquisition), the prerequisites of the transaction under the Share Purchase Agreement could not be completed in full and after amicable negotiations, the parties to the transaction decided to terminate the acquisition. On 27 January 2022, at the seventh meeting of the tenth session of the Board of the Company, the Resolution in relation to the Termination of the Acquisition of Foreign Assets by the Company and the Parties to the Consortium was considered and passed. On 9 March 2022, the parties to the transaction jointly entered into Termination Agreement, to terminate the acquisition of the aforesaid foreign assets. For details, please refer to the announcements published by the Company on the website of the SSE at www.sse.com.cn on 28 January and 11 March 2022 and on the website of the Stock Exchange at www.hkexnews.hk on 27 January and 10 March 2022.

3. Matters not disclosed in temporary announcements

Applicable Not Applicable

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

(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

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 the 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 not 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
<p>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.</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 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 (the 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 (the controlling shareholder of the Company), pursuant to which

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

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.

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>

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, 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>

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 25 March 2022, the Company entered into the Financial Services Agreement with Finance Company (being an associate of the controlling shareholder of the Company) for a term of three years commencing on 1 April 2022. The maximum daily deposit balance (including interest accrued) should not exceed RMB600 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 credit facility of not less than RMB5 billion and undertook that the loan rate to be provided to the Company shall not be higher than the benchmark interest rate as prescribed by the People's Bank of China for loans of the same term, and under the same conditions, it would not be higher than the interest rate offered to the Company by major state-owned commercial banks or national joint-stock commercial banks. The Company would not be required to provide any pledge or guarantee.

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 on the website of the Stock Exchange at www.hkexnews.hk on 28 March 2022.

2. Matters disclosed in temporary announcements but with 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)

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	-	-	-	2,728,852,040.19	34,851,369.90	2,763,703,410.09
Total		-	-	-	2,728,852,040.19	34,851,369.90	2,763,703,410.09

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/connected finance companies, and between finance companies controlled by the Company and related parties

Applicable Not Applicable

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

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

1. Deposits

Applicable Not Applicable

Unit: Yuan Currency: RMB

Related party	Related relationship	Maximum daily deposit amount	Range of deposit interest rates	Amount incurred in the period		Closing balance	
				Opening balance	Total deposits for the period		Total amount withdrawn for the period
Finance Company	Associate and under the same ultimate controlling shareholder	The maximum daily deposit balance (including interest accrued) should not exceed RMB600,000,000 (before 1 April 2022: RMB500,000,000) and should be lower than 5% of the audited operating revenue, total assets or market value of the Company.	For the Company and Longtan Bridge Company, the interest is calculated at 0.385%; for deposits less than RMB100,000 from other companies, the interest shall be calculated at 0.385%, and for the portion over RMB100,000, the interest shall be calculated at 1.265%.	376,438,872.05	3,780,454,894.56	3,683,587,051.35	473,306,715.26
Total	/	/	/	376,438,872.05	3,780,454,894.56	3,683,587,051.35	473,306,715.26

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

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

2. Loans

Applicable Not Applicable

Unit: Yuan Currency: RMB

Related party	Related relationship	Loan facilities	Range of loan interest rates	Opening balance	Amount incurred in the period		Closing balance
					Total loans for the period	Total repayment amount for the period	
Finance Company	Associate and under the same ultimate controlling shareholder	Comprehensive unsecured credit facility during the Reporting Period: before 1 April 2022, it should be no less than RMB2 billion; afterwards, it shall be no less than RMB5 billion.	2.8%-3.55%	640,638,763.89	308,000,000.00	318,087,681.21	630,551,082.68
Total	/	/	/	640,638,763.89	308,000,000.00	318,087,681.21	630,551,082.68

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	211,200,000.00	100,300,000.00

SECTION VI SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTIONS (CONTINUED)

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

4. Other explanations

Applicable Not Applicable

(VI) Other Major 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	Jiaying Kaitong Investment Co., Ltd.	Meicun Service Area	12,955,904	2017/1/10	2021/12/31	226,717,808	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 RMB14,764,000 year-on-year.	No	Other
Company	Jiaying Tonghui Expressway Service Zone Operation and Management Co., Ltd.	Xianrenshan Service Area	17,805,392	2017/6/16	2021/12/31	101,073,407.5	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 RMB7,137,000 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	Tongxiang Yintong Expressway Service Zone Operation and Management Co., Ltd.	Huanglishu Service Area	47,256,513	2017/7/1	2021/12/31	91,530,000	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 RMB7,575,000 year-on-year.	No	Other
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 RMB1,609,000 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	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 RMB1,892,000 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 RMB1,004,000 year-on-year.	No	Other

Details of lease

As a result of the impact of the COVID-19 pandemic that had lasted for nearly three years, Huanglishu Service Area, Xianrenshan Service Area and Meicun Service Area of the Shanghai-Nanjing Expressway terminated the original lease contracts. The parties had entered into termination agreements, specifying the termination date of the lease of the above service areas would be 31 December 2021, with a transition period from 1 January 2022 to the date of entry by the new lessee, during which the original lessee would continue to maintain its operation at a rent to be otherwise negotiated by the parties.

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

External guarantees of the Company (excluding guarantees to subsidiaries)	
Total amount of the guarantees incurred during the Reporting Period (excluding guarantees to subsidiaries)	0
Total balance of the guarantees at the end of the Reporting Period (A) (excluding guarantees to subsidiaries)	0
Guarantee of the Company in favor of its subsidiaries	
Total guarantee in favor of its subsidiaries incurred during the Reporting Period	-
Total guarantee balance in favor of its subsidiaries as at the end of the Reporting Period (B)	120,000,000.00
Total guarantee of the Company (including the guarantee in favor of its subsidiaries)	
Total guarantee (A+B)	120,000,000.00
Total guarantee as a percentage of the Company's net assets (%)	0.34
including:	
The amount of guarantees offered to the shareholders, de facto controller and related parties (C)	0
The amount of debt guarantees directly or indirectly offered to the guaranteed with a gearing ratio of over 70% (D)	0
The amount of guarantees in excess of 50% of net assets (E)	0
The sum of the three items above (C+D+E)	0
Explanations on the joint settlement responsibilities in relation to premature guarantees	Nil
Explanation of guarantee	The Company provided guarantee for the application of 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 year.

3. Other material contracts

Applicable Not Applicable

SECTION VI SIGNIFICANT MATTERS

XII. EXPLANATIONS OF OTHER SIGNIFICANT EVENTS

Applicable Not Applicable

1. Changes of accounting policies

In 2022, the Group has adopted the relevant requirements and guidance of the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China in recent years, mainly includes:

- CAS Bulletin No.15 (Caikuai [2021] No.35) (“**Bulletin No. 15**”), “Accounting for external sales of products or by-products produced by an enterprise before a fixed asset reaches its intended useable condition or during the research and development process” (“**Accounting for trial run sales**”);
- “Judgment on loss-making contracts” in Bulletin No. 15; and
- Notice on issues related to the application of ‘Accounting Treatment of COVID-19 Related Rent Concessions’ (Caikuai [2022] No.13).

(a) Provisions for accounting treatment of trial sales in Bulletin No. 15

According to the provision, operating income and costs derived from external sales of products or by-products produced in the course of research and development (hereinafter collectively referred to as “**trial sales**”) are accounted for in accordance with the provisions of CAS No.14 – Revenue and CAS No.1 – Inventory, respectively, and are recognized in profit or loss for the current period.

The Company had no research and development activities during the Reporting Period, so the adoption of the regulation does not have any significant effect on the financial position and financial performance of the Group.

(b) Judgment on loss-making contracts in Bulletin No. 15

According to this provision, when the Group determines a loss-making contract, the estimated cost of performing the contract shall include the incremental cost of performing the contract and the apportioned amount of other costs directly related to the performance of the contract.

The adoption of the regulation does not have any significant effect on the financial position and financial performance of the Group.

SECTION VI SIGNIFICANT MATTERS

XII. EXPLANATIONS OF OTHER SIGNIFICANT EVENTS (CONTINUED)

1. Changes of accounting policies (Continued)

(c) Caikuai [2022] No.13

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. In accordance with Caikuai [2022] No.13, for the reduction of lease payments payable after 30 June 2022, the simplified method of Caikuai [2020] No.10 can continue to be implemented.

The adoption of the regulation does not have any significant effect on the financial position and financial performance of the Group.

2. Changes of accounting estimates

The content and reasons for changes in accounting estimates	Approval Process	Point of commencement of application	Names and amounts of statement items affected
<p>The Group's road operating rights are amortized under the traffic flow method, and the amortization amount for the month is calculated as the ratio of the actual traffic flow for the month to the sum of the actual traffic flow for the month and the estimated future remaining traffic flow. In view of the differences between the actual traffic volume and the estimated traffic volume of the Group's major toll roads in recent years and the possible changes in the Group's expected future remaining traffic volume, the Group has adopted the adjusted future remaining traffic volume for calculating the amortization of the road operating rights since 1 April 2022.</p>	<p>On 29 April 2022, it was considered and approved by the ninth meeting of the tenth session of the Board of Directors of the Company.</p>	<p>1 April 2022</p>	<p>In response to this change in accounting estimate, the Company adopted the future application method and the effect on the current period accounting statement items is as follows:</p>

RMB: Yuan

SECTION VI SIGNIFICANT MATTERS

XII. EXPLANATIONS OF OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Changes of accounting estimates (Continued)

The content and reasons for changes in accounting estimates	Approval Process	Point of commencement of application	Names and amounts of statement items affected	
			Effect of accounting statements	
			Consolidated financial statements	
			Company financial statements	
			78,030,141.99	32,024,546.71
Increase in intangible assets			78,030,141.99	32,024,546.71
Decrease in operating costs			147,248.60	147,248.60
Increase in deferred income			147,248.60	147,248.60
Decrease in other income			8,940,694.75	7,969,324.53
Increase in taxes payable			8,940,694.75	7,969,324.53
Increase in income tax expenses			19,140,116.83	-
Increase in minority interests			19,140,116.83	-
Increase in profit and loss attributed to minority shareholders			49,802,081.81	23,907,973.58
Increase in net profit attributable to shareholders of the Company			49,802,081.81	23,907,973.58
Increase in net assets attributable to shareholders of the Company				

SECTION VI SIGNIFICANT MATTERS

XIII. CORPORATE GOVERNANCE

During the period of six months ended 30 June 2022, 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
C2.7	No	During the Reporting Period, the Board has 11 to 13 members for most of the time, comprising of at most 3 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.

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 2021 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	29,868
Total number of preferred shareholders with their voting rights restored as of the end of the Reporting Period	-

Note: As of 30 June 2022, the Company had 29,463 A Share ordinary shareholders and 405 H Share shareholders, totaling 29,868 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			Pledged, tagged or frozen		
		Number of shares held as at the end of the Reporting Period	Percentage (%)	Number of shares held subject to sales restrictions	Status of shares	Number of shares	Type of shareholder
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.	-	146,754,597	2.91	-	Unknown	-	Foreign legal person
BlackRock, Inc.	1,784,356	134,467,514	2.67	-	Unknown	-	Foreign legal person
Citigroup Inc.	-1,471,109	71,689,031	1.42	-	Unknown	-	Foreign legal person
Newton Investment Management Limited	35,389,113 ^(Note)	61,150,309	1.21	-	Unknown	-	Foreign legal person
China Merchants Bank Co., Ltd. – SSE Dividend Trading Open Index Securities Investment Fund	3,208,598	34,335,843	0.68	-	Unknown	-	Others
China Life Insurance Company Limited – Traditional – Ordinary Insurance Product – 005L – CT001 Hu	31,556,565	31,556,565	0.63	-	Unknown	-	Others
China Galaxy Asset Management Co., Ltd.	-	21,410,000	0.42	-	Unknown	-	State-owned legal person
China Pacific Life Insurance Co., Ltd. – CPLI Stock Dividend Product (Shou Zi Ying) Entrusted Investment (Yangtze River Pension) (中國太平洋人壽保險股份有限公司-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

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	Shareholdings of top ten holders of shares not subject to selling restrictions		
	Number of tradable shares not subject to selling restrictions	Class and number of shares	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.	146,754,597	Overseas listed foreign shares	146,754,597
BlackRock, Inc.	134,467,514	Overseas listed foreign shares	134,467,514
Citigroup Inc.	71,689,031	Overseas listed foreign shares	71,689,031
Newton Investment Management Limited	61,150,309	Overseas listed foreign shares	61,150,309
China Merchants Bank Co., Ltd. – SSE Dividend Trading Open Index Securities Investment Fund	34,335,843	RMB ordinary shares	34,335,843
China Life Insurance Company Limited – Traditional – Ordinary Insurance Product – 005L – CT001 Hu	31,556,565	RMB ordinary shares	31,556,565
China Galaxy Asset Management Co., Ltd.	21,410,000	RMB ordinary shares	21,410,000
China Pacific Life Insurance Co., Ltd. – CPLI Stock Dividend Product (Shou Zi Ying) Entrusted Investment (Yangtze River Pension) (中國太平洋人壽保險股份有限公司-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

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	Shareholdings of top ten holders of shares not subject to selling restrictions	
	Number of tradable shares not subject to selling restrictions	Class and number of shares
	Class	Number
Accounts designated for share repurchase of the top ten shareholders	Nil.	
The aforesaid shareholders entrusting voting rights, being entrusted with voting rights, and waiving voting rights	Nil.	
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.	
Preference shareholders with voting rights restored and the shareholding thereof	Nil.	

Note: According to the disclosure of interests notice form filed by Newton Investment Management Limited through the Disclosure of Interests Online (DION) System of the Stock Exchange on 6 January 2022, Newton Investment Management Limited had long position in 25,761,196 shares of the Company as at 3 January 2022.

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

Applicable Not Applicable

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

II. SHAREHOLDERS (CONTINUED)

(III) Interests and short positions

Applicable Not Applicable

As at 30 June 2022, 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 Directly interested	Number of A Shares	Percentage of A Shares (total 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)

(III) Interests and short positions (Continued)

Name of shareholder	Capacity	Number of H Shares		Percentage of H Shares (total shares)
		Directly interested	Number of H Shares	
BlackRock, Inc.	Interest of controlled corporation ⁽³⁾	No	134,467,514(L)	11.00%(2.67%) (L)
			8,156,000(S)	0.67% (0.16%) (S)
Mitsubishi UFJ Financial Group, Inc	Interest of controlled corporation ⁽²⁾	No	146,754,597(L)	12.01% (2.91%) (L)
Citigroup Inc.	Interest of controlled corporation/ approved lending agent/custodian – corporation ⁽⁴⁾	No	71,689,031(L)	5.86% (1.42%) (L)
			10,000(S)	0.00 % (0.00%) (S)
			71,302,607(P)	5.83% (1.42%) (P)
Newton Investment Management Limited	Investment manager	Yes	61,150,309(L)	5.00%(1.21%) (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)

(III) Interests and short positions (Continued)

Notes: (Continued)

- (3) BlackRock, Inc. was deemed to be interested in the long position of a total of 134,467,514 H Shares of the Company and in the short position of 8,156,000 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 14,619,875 (long position) and 6,792,000 H Shares (short position) of the Company.
- (ii) BlackRock Fund Advisors held 60,638,000 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 1,490,830 H Shares (long position) of the Company.
- (ii) BlackRock Investment Management (Australia) Limited held 638,000 H Shares (long position) of the Company.
- (iii) BlackRock Asset Management North Asia Limited held 1,649,785 H Shares (long position) of the Company.
- (iv) BlackRock (Singapore) Limited held 528,000 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 2,952,041 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 13,775,865 H Shares (long position) of the Company.
- (iv) BLACKROCK (Luxembourg) S.A. held 14,230,000 H Shares (long position) and 116,000 H Shares (short position) of the Company.
- (v) BlackRock Investment Management (UK) Limited held 1,777,309 H Shares (long position) of the Company.
- (vi) BlackRock Fund Managers Limited held 1,790,970 H Shares (long position) of the Company.
- (vii) BlackRock Asset Management Schweiz AG held 2,000 H Shares (long position) of the Company.
- (viii) BlackRock Life Limited held 54,000 H Shares (long position) of the Company.

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

II. SHAREHOLDERS (CONTINUED)

(III) Interests and short positions (Continued)

Notes: (Continued)

- (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 wholly-owned subsidiary, BlackRock Asset Management Canada Limited which held 2,116,000 H Shares (long position) of the Company.
- (4) Citigroup Inc. was deemed to be interested in the long position of a total 71,689,031 H Shares of the Company (of which 386,424 H Shares were held through cash settled (off exchange) derivatives) and the short position of 10,000 H Shares (of which 10,000 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	386,426	10,000	
Approved lending agent			71,302,607

Citigroup Global Markets Holdings Bahamas Limited was indirectly held as to 90% by Citigroup Inc.. Citigroup Global Markets Holdings Bahamas Limited held 384,424 H Shares (long position) and 10,000 H Shares (short position) of the Company through its directly wholly-owned subsidiary, Citigroup Global Markets Limited. Apart from the above enterprise, all the remaining enterprises were indirectly wholly-owned by Citigroup Inc..

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 2022.

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

Applicable Not Applicable

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

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 of 30 June 2022, the Group (including its non-wholly-owned subsidiaries) had 4,749 staff members in total, comprising 745 managerial and technical staff members and 4,004 manufacturing staff members. During the Reporting Period, total staff remuneration amounted to RMB524,823,000.

In the first half of 2022, the Company continued to give play to the guiding role of remuneration and optimised its remuneration structure. In accordance with the principles of post-based and performance-based remuneration payment, basic pay was offered to provide reasonable protection for the employees and performance pay was offered to motivate the internal drive of the employees. The Company continued to improve its appraisal mechanism, furthering the linkage between performance appraisal, quantitative performance and performance-based remuneration, and granting remuneration in a reasonable manner. At the same time, the Company contributed to the “Five Insurances and Housing Fund” in accordance with the law, and provides supplementary medical care, corporate annuity and other welfare protection schemes for its employees.

In terms of training, the Company adhered to systematic thinking, insisted on synergy, took the right orientation, optimized content positioning, promoted training means, teaching modes, ways and means of innovation thoroughly, effectively enhanced the suitability and modernity of education and training, accelerated the construction of a modern employee education and training system, to cultivate more high-quality managerial, technical and skilled personnel and skilled craftsmen, and provide high-quality education and training content that reflected the times and was scientific and relevant.

IV. CHANGE OF CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

Applicable Not Applicable

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

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

As at 30 June 2022, none of the Directors, supervisors and chief executives of the Company had any interests, long 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.

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 granted 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 26 August 2022 (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 of the Company, the Directors of the Company 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
2021 Corporate Bonds Publicly Issued by the Company (First Tranche)	21 NingHuG1	175706.SH	2021/2/1	2021/2/2	2026/2/2	10.00	3.70	Bullet repayment, with interests paid annually	Shanghai Stock Exchange	The bonds were issued to professional investors	Listed on the Bid Trading System and Comprehensive Electronic Platform for Fixed-income Securities	No
2021 Corporate Bonds Publicly Issued by the Company (Second Tranche)	21 NingHuG2	185046.SH	2021/11/23	2021/11/24	2026/11/24	8.00	3.08	Bullet repayment, with interests paid annually	Shanghai Stock Exchange	The bonds were issued to professional investors	Listed on the Bid Trading System and Comprehensive Electronic Platform for Fixed-income Securities	No
2022 Corporate Bonds Publicly Issued by the Company (First Tranche)	22 NingHuG1	185680.SH	2022/4/19	2022/4/20	2025/4/20	10.00	2.90	Bullet repayment, with interests paid annually	Shanghai Stock Exchange	The bonds were issued to professional investors	Listed on the Bid Trading System and Comprehensive 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 the issuer to adjust the coupon rate: An issuer is entitled to determine to adjust the coupon rate for the remaining coupon period of the bonds at the end of the third year of the term of the bonds. If the issuer decides to exercise the options to adjust the coupon rate, the coupon rate of the bonds shall be determined in the following manner from the effective date of the adjustment: The adjusted coupon rate shall be subject to the announcement of the implementation of the adjustment of the coupon rate published by the issuer, and there shall be no restriction on the direction and range of the adjustment of the coupon rate. If the issuer decides not to exercise the options to adjust the coupon rate, the coupon rate of the bonds shall remain unchanged until the issuer exercises the option to adjust the coupon rate next time.

Investor's put option: An investor is entitled to sell back all or part of the bonds held by him/her/it to the issuer at the end of the third year of the term of the bonds.

3. Credit rating result and its modification

Applicable Not Applicable

Other explanation

Nil.

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

Other explanation

Nil.

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 ultra-short-term note (thirty-seventh tranche)	21 NingHuGao SCP037	012105552.IB	2021/12/31	2022/1/4	2022/4/29	-	2.35%	Bullet repayment, with interests paid annually	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2022 ultra-short-term note (first tranche)	22 NingHuGao SCP001	012280095.IB	2022/1/7	2022/1/10	2022/5/12	-	2.35%	Bullet repayment, with interests paid annually	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2022 ultra-short-term note (second tranche)	22 NingHuGao SCP002	012280123.IB	2022/1/10	2022/1/11	2022/5/13	-	2.35%	Bullet repayment, with interests paid annually	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2022 ultra-short-term note (third tranche)	22 NingHuGao SCP003	012280483.IB	2022/1/30	2022/2/8	2022/6/10	-	2.30%	Bullet repayment, with interests paid annually	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2022 ultra-short-term note (fourth tranche)	22 NingHuGao SCP004	012280520.IB	2022/2/14	2022/2/15	2022/6/17	-	2.18%	Bullet repayment, with interests paid annually	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2022 ultra-short-term note (fifth tranche)	22 NingHuGao SCP005	012280558.IB	2022/2/16	2022/2/17	2022/6/17	-	2.18%	Bullet repayment, with interests paid annually	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2022 ultra-short-term note (sixth tranche)	22 NingHuGao SCP006	012280784.IB	2022/3/2	2022/3/3	2022/7/1	5.00	2.05%	Bullet repayment, with interests paid annually	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
2022 ultra-short-term note (seventh tranche)	22 NingHuGao SCP007	012280785.IB	2022/3/2	2022/3/3	2022/7/1	5.00	2.05%	Bullet repayment, with interests paid annually	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2022 ultra-short-term note (eighth tranche)	22 NingHuGao SCP008	012280867.IB	2022/3/7	2022/3/8	2022/7/8	5.30	2.05%	Bullet repayment, with interests paid annually	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2022 ultra-short-term note (ninth tranche)	22 NingHuGao SCP009	012280861.IB	2022/3/7	2022/3/8	2022/6/10	-	2.04%	Bullet repayment, with interests paid annually	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2022 ultra-short-term note (tenth tranche)	22 NingHuGao SCP010	012281015.IB	2022/3/15	2022/3/16	2022/7/15	5.00	2.04%	Bullet repayment, with interests paid annually	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2022 ultra-short-term note (eleventh tranche)	22 NingHuGao SCP011	012281189.IB	2022/3/24	2022/3/25	2022/7/22	3.00	2.03%	Bullet repayment, with interests paid annually	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2022 ultra-short-term note (twelfth tranche)	22 NingHuGao SCP012	012281279.IB	2022/3/31	2022/4/1	2022/8/5	4.00	2.03%	Bullet repayment, with interests paid annually	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2022 ultra-short-term note (thirteenth tranche)	22 NingHuGao SCP013	012281368.IB	2022/4/7	2022/4/8	2022/8/5	4.00	2.00%	Bullet repayment, with interests paid annually	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
2022 ultra-short-term note (fourteenth tranche)	22 NingHuGao SCP014	012281579.IB	2022/4/21	2022/4/22	2022/8/19	2.50	2.00%	Bullet repayment, with interests paid annually	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2022 ultra-short-term note (fifteenth tranche)	22 NingHuGao SCP015	012281573.IB	2022/4/21	2022/4/22	2022/8/19	2.00	2.00%	Bullet repayment, with interests paid annually	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2022 ultra-short-term note (sixteenth tranche)	22 NingHuGao SCP016	012281678.IB	2022/4/26	2022/4/27	2022/8/26	4.00	2.00%	Bullet repayment, with interests paid annually	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2022 ultra-short-term note (seventeenth tranche)	22 NingHuGao SCP017	012281780.IB	2022/5/6	2022/5/7	2022/8/26	4.00	2.00%	Bullet repayment, with interests paid annually	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2022 ultra-short-term note (eighteenth tranche)	22 NingHuGao SCP018	012281790.IB	2022/5/9	2022/5/10	2022/9/9	4.00	2.00%	Bullet repayment, with interests paid annually	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2022 ultra-short-term note (nineteenth tranche)	22 NingHuGao SCP019	012281796.IB	2022/5/10	2022/5/11	2022/9/9	4.00	2.00%	Bullet repayment, with interests paid annually	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2022 ultra-short-term note (twentieth tranche)	22 NingHuGao SCP020	012281994.IB	2022/6/1	2022/6/2	2022/8/31	4.00	1.95%	Bullet repayment, with interests paid annually	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
2022 ultra-short-term note (twenty-first tranche)	22 NingHuGao SCP021	012282005.IB	2022/6/2	2022/6/6	2022/9/9	4.00	1.97%	Bullet repayment, with interests paid annually	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2022 ultra-short-term note (twenty-second tranche)	22 NingHuGao SCP022	012282016.IB	2022/6/6	2022/6/7	2022/9/9	4.00	1.95%	Bullet repayment, with interests paid annually	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2022 ultra-short-term note (twenty-third tranche)	22 NingHuGao SCP023	012282118.IB	2022/6/14	2022/6/15	2022/9/16	9.00	2.00%	Bullet repayment, with interests paid annually	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2022 ultra-short-term note (twenty-fourth tranche)	22 NingHuGao SCP024	012282115.IB	2022/6/14	2022/6/15	2022/9/16	4.00	1.98%	Bullet repayment, with interests paid annually	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2022 ultra-short-term note (twenty-fifth tranche)	22 NingHuGao SCP025	012282262.IB	2022/6/24	2022/6/27	2022/9/23	5.00	1.95%	Bullet repayment, with interests paid annually	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No
2022 ultra-short-term note (twenty-sixth tranche)	22 NingHuGao SCP026	012282263.IB	2022/6/24	2022/6/27	2022/9/23	5.00	1.95%	Bullet repayment, with interests paid annually	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
2020 medium-term notes (first tranche)	20 Ninghu Gao	102001586.IB	2020/8/19	2020/8/21	2025/8/21	20.00	3.98%	Bullet repayment, with interests paid annually	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 (first tranche)	21 Ninghu Gao	102101110.IB	2021/6/15	2021/6/17	2024/6/17	10.00	3.45%	Bullet repayment, with interests paid annually	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 (second tranche)	21 Ninghu Gao	102102145.IB	2021/10/25	2021/10/27	2024/10/27	5.00	3.30%	Bullet repayment, with interests paid annually	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 (third tranche)	21 Ninghu Gao	102103072.IB	2021/11/22	2021/11/24	2024/11/24	5.00	3.13%	Bullet repayment, with interests paid annually	Inter-bank Bonds Market	Qualified Domestic Institutional Investors	Eligible for trading or transfer on the day immediately after the registration date	No

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

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)

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

Other explanation

Nil.

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

Other explanation

Nil.

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	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
Current ratio	0.6523	0.6514	0.14	The increase in the current ratio as compared to that at the beginning of the Reporting Period was mainly due to the increase in the short-term wealth management products, cash at bank and on hand and financing factoring balance held by the Group at the end of the Reporting Period as compared to the beginning of the Reporting Period, resulting in the increase in current assets outpacing that of current liabilities.
Quick ratio	0.3539	0.2832	24.95	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 other current assets at the end of the Reporting Period as compared to that at the beginning of the Reporting Period.

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)

Principal 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 (%)	Reasons for changes
Gearing ratio (%)	49.33	47.74	Increased by 1.59 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 cash dividends declared but not yet paid of the Group at the end of the Reporting Period, resulting in the increase in liabilities outpacing that of assets.
Net profit after non-recurring profit and loss	1,628,796,407.56	2,389,901,746.70	-31.85	During the Reporting Period, due to the impact of the sudden outbreak of the COVID-19 cases in Shanghai and various parts of southern Jiangsu, the gross operating profit of the toll business and service area ancillary business of the Company decreased year-on-year; the operating performance of the associates engaged in road and bridge operations declined, resulting in a year-on-year decrease in the Group's total profit.
Total debt to EBITDA ratio	0.0777	0.1137	-31.69	During the Reporting Period, due to the impact of the sudden outbreak of the COVID-19 cases in Shanghai and various parts of southern Jiangsu, the gross operating profit of the toll business and service area ancillary business of the Company decreased year-on-year; the operating performance of the associates engaged in road and bridge operations declined, resulting in a year-on-year decrease in the Group's total profit.

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)

Principal 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 (%)	Reasons for changes
Interest coverage ratio	5.4633	8.2690	-33.93	During the Reporting Period, due to the impact of the sudden outbreak of the COVID-19 cases in Shanghai and various parts of southern Jiangsu, the gross operating profit of the toll business and service area ancillary business of the Company decreased year-on-year; the operating performance of the associates engaged in road and bridge operations declined, resulting in a year-on-year decrease in the Group's total profit.
Cash interest coverage ratio	6.4326	8.7618	-26.58	During the Reporting Period, due to the impact of the sudden outbreak of the COVID-19 cases in Shanghai and various parts of southern Jiangsu, the revenue of the toll business and service area ancillary business of the Company decreased year-on-year, resulting in the year-on-year decrease in the net cash flows generated from the operating activities of the Group.
EBITDA interest coverage ratio	5.5369	8.3543	-33.72	During the Reporting Period, due to the impact of the sudden outbreak of the COVID-19 cases in Shanghai and various parts of southern Jiangsu, the gross operating profit of the toll business and service area ancillary business of the Company decreased year-on-year; the operating performance of the associates engaged in road and bridge operations declined, resulting in a year-on-year decrease in the Group's total profit.

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)

Principal 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 (%)	Reasons for changes
Loan repayment rate (%)	100.00	100.00		
Interest coverage rate (%)	100.00	100.00		

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

As at 30 June 2022

(Unit: Yuan Currency: RMB)

	Note	30 June 2022	31 December 2021
Assets			
Current assets			
Cash at bank and on hand	V.1	593,392,762.34	496,127,336.06
Financial assets held for trading	V.2	4,346,985,361.12	2,646,518,676.44
Bills receivable	V.3	10,500,000.00	11,890,000.00
Accounts receivable	V.4	503,065,244.90	442,074,890.64
Prepayments	V.5	22,547,543.25	8,650,678.32
Other receivables	V.6	117,682,973.18	76,302,188.99
Inventories	V.7	3,752,654,673.38	3,889,201,430.67
Other current assets	V.8	923,999,159.26	877,263,447.81
Total current assets		10,270,827,717.43	8,448,028,648.93
Non-current assets			
Long-term equity investments	V.9	9,935,451,212.69	9,687,126,007.80
Investments in other equity instruments	V.10	6,818,404,046.73	5,805,587,078.89
Other non-current financial assets	V.11	3,116,070,412.05	3,004,141,868.26
Investment properties	V.12	98,222,837.71	56,709,500.85
Fixed assets	V.13	2,542,791,971.94	2,676,170,843.30
Construction in progress	V.14	288,984,113.55	262,194,738.58
Right-of-use assets	V.55	13,104,969.37	16,648,478.65
Intangible assets	V.15	36,791,234,084.81	37,067,726,632.81
Long-term deferred expenses	V.16	2,974,693.46	2,680,230.99
Deferred tax assets	V.17	174,482,816.03	172,138,797.78
Other non-current assets	V.18	14,815,129.93	462,867,895.61
Total non-current assets		59,796,536,288.27	59,213,992,073.52
Total assets		70,067,364,005.70	67,662,020,722.45

The notes on pages 151 to 276 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 30 June 2022

(Unit: Yuan Currency: RMB)

	Note	30 June 2022	31 December 2021
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	V.19	1,435,208,553.26	1,077,145,209.09
Bills payable	V.20	211,200,000.00	100,300,000.00
Accounts payable	V.21	2,039,622,642.92	2,328,898,028.92
Advance payments received	V.22	15,258,946.70	15,782,473.92
Contract liabilities	V.23	268,457,782.69	427,561,162.30
Employee benefits payable	V.24	3,817,955.83	3,014,675.45
Taxes payable	V.25	353,777,092.36	413,622,832.32
Other payables	V.26	2,598,161,798.96	253,009,905.05
Non-current liabilities due within one year	V.27	1,098,199,983.35	678,043,270.61
Other current liabilities	V.28	7,721,780,387.54	7,671,965,597.07
Total current liabilities		15,745,485,143.61	12,969,343,154.73
Non-current liabilities			
Long-term loans	V.29	11,254,075,322.67	13,028,697,541.04
Debentures payable	V.30	6,777,597,770.21	5,777,418,959.86
Lease liabilities	V.56	7,619,636.66	7,919,969.93
Deferred income	V.31	94,587,725.79	99,499,953.02
Deferred tax liabilities	V.17	684,239,859.75	419,248,158.42
Total non-current liabilities		18,818,120,315.08	19,332,784,582.27
Total liabilities		34,563,605,458.69	32,302,127,737.00

The notes on pages 151 to 276 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 30 June 2022

(Unit: Yuan Currency: RMB)

	<i>Note</i>	30 June 2022	31 December 2021
Liabilities and shareholders' equity (continued)			
Shareholders' equity			
Share capital	V.32	5,037,747,500.00	5,037,747,500.00
Capital reserve	V.33	10,502,925,603.25	10,502,925,603.25
Other comprehensive income	V.34	1,672,213,698.71	931,335,600.50
General risk reserve	V.35	7,347,200.67	6,505,092.88
Surplus reserve	V.36	3,832,362,128.54	3,832,362,128.54
Retained earnings	V.37	9,349,541,546.45	9,919,407,826.11
Total equity attributable to shareholders of the Company		30,402,137,677.62	30,230,283,751.28
Non-controlling interests		5,101,620,869.39	5,129,609,234.17
Total shareholders' equity		35,503,758,547.01	35,359,892,985.45
Total liabilities and shareholders' equity		70,067,364,005.70	67,662,020,722.45

Legal Representative
Chen Yunjiang

The person in charge of accounting affairs
Dai Qian

The head of the accounting department
Yao Qunfang

COMPANY BALANCE SHEET

As at 30 June 2022

(Unit: Yuan Currency: RMB)

	Note	30 June 2022	31 December 2021	Note	30 June 2022	31 December 2021
Assets				Liabilities and shareholders' equity		
Current assets				Current liabilities		
Cash at bank and on hand		123,017,748.10	319,971,226.51	Short-term loans	850,333,136.58	450,433,125.00
Financial assets held for trading		3,700,005,584.84	2,199,616,681.00	Accounts payable	394,058,420.78	576,540,666.20
Accounts receivable	XIII.1	492,917,545.45	389,572,507.53	Advance payments received	6,383,147.90	5,546,807.81
Prepayments		12,279,102.52	4,790,567.78	Employee benefits payable	1,648,559.69	1,635,865.42
Other receivables	XIII.2	45,670,337.55	10,933,988.98	Taxes payable	102,379,372.88	92,215,670.12
Inventories		18,511,545.82	15,971,112.95	Other payables	2,554,791,769.47	214,229,823.94
Other current assets		2,691,265,903.69	3,279,536,006.56	Non-current liabilities due within one year	127,628,330.14	90,132,581.45
				Other current liabilities	7,701,309,135.00	7,638,282,907.00
Total current assets		7,083,667,767.97	6,220,392,091.31	Total current liabilities	11,738,531,872.44	9,069,017,446.94
Non-current assets				Non-current liabilities		
Long-term equity investments	XIII.3	16,836,590,092.72	16,640,946,788.72	Long-term loans	508,945,528.87	1,009,901,663.24
Investments in other equity instruments		5,418,517,246.73	4,451,199,628.89	Debtentures payable	6,780,406,322.65	5,777,418,959.86
Fixed assets		1,192,511,360.02	1,264,183,897.53	Deferred income	68,974,385.06	73,886,612.29
Construction in progress		210,938,630.67	195,562,990.53	Deferred tax liabilities	245,999,179.76	4,169,775.30
Intangible assets		12,017,443,084.40	12,433,236,657.15			
Long-term deferred expenses		1,315,525.44	-	Total non-current liabilities	7,604,325,416.34	6,865,377,010.69
Other non-current assets		1,805,000,000.00	13,093,831.54	Total liabilities	19,342,857,288.78	15,934,394,457.63
Total non-current assets		37,482,315,939.98	34,998,223,794.36	Shareholders' equity		
Total assets		44,565,983,707.95	41,218,615,885.67	Share capital	5,037,747,500.00	5,037,747,500.00
				Capital reserve	10,372,950,811.58	10,372,950,811.58
				Other comprehensive income	1,044,603,877.81	336,797,292.10
				Surplus reserve	2,518,873,750.00	2,518,873,750.00
				Retained earnings	6,248,950,479.78	7,017,852,074.36
				Total shareholders' equity	25,223,126,419.17	25,284,421,428.04
				Total liabilities and shareholders' equity	44,565,983,707.95	41,218,615,885.67

Legal Representative
Chen Yunjiang

The person in charge of accounting affairs
Dai Qian

The head of the accounting department
Yao Qunfang

The notes on pages 151 to 276 form part of these financial statements.

CONSOLIDATED INCOME STATEMENT

For the Six-month period ended 30 June 2022

(Unit: Yuan Currency: RMB)

Item	Note	Amount for the current period	Amount for the prior period
I. Operating income	V.38	4,553,627,185.10	5,061,764,712.00
Less: Operating costs	V.38	2,636,097,654.96	2,220,101,069.51
Taxes and surcharges	V.39	45,839,964.42	63,266,494.98
Selling and distribution expenses	V.40	6,093,714.35	13,038,092.98
General and administrative expenses	V.41	89,310,860.19	73,844,971.95
Financial expenses	V.42	481,451,513.40	293,958,394.97
Including: Interest expenses		483,583,629.43	296,745,724.02
Interest income		6,143,809.28	6,406,363.96
Add: Other income	V.43	11,802,291.35	12,115,336.70
Investment income	V.44	797,779,932.39	712,266,896.33
Including: Income from investment in associates and joint ventures		312,696,972.16	444,133,821.59
Gains from changes in fair value	V.45	35,105,006.37	314,007,325.26
Gains from asset disposals	V.46	29,346,091.26	(2,033.85)
II. Operating profit		2,168,866,799.15	3,435,943,212.05
Add: Non-operating income	V.47	5,347,967.82	7,809,364.22
Less: Non-operating expenses	V.47	9,725,668.40	8,115,468.09
III. Profit before income tax		2,164,489,098.57	3,435,637,108.18
Less: Income tax expenses	V.48	445,190,785.22	734,392,901.87
IV. Net profit		1,719,298,313.35	2,701,244,206.31
(1) Net profit classified by continuity of operations:			
1. Net profit from continuing operations		1,719,298,313.35	2,701,244,206.31
2. Net profit from discontinued operations		—	—
(2) Net profit classified by ownership:			
1. Shareholders of the Company		1,748,339,678.13	2,679,329,242.91
2. Non-controlling interests		(29,041,364.78)	21,914,963.40

CONSOLIDATED INCOME STATEMENT

For the Six-month period ended 30 June 2022

(Unit: Yuan Currency: RMB)

Item	Note	Amount for the current period	Amount for the prior period
V. Other comprehensive income, net of tax	V.34	741,931,098.21	917,174,691.95
Other comprehensive income (net of tax) attributable to shareholders of the Company		740,878,098.21	921,255,066.95
(1) Items that will not be reclassified to profit or loss		740,878,098.21	921,255,066.95
1. Other comprehensive income recognised under equity method		(17,681,627.67)	(84,589,049.84)
2. Changes in fair value of investments in other equity instruments		758,559,725.88	1,005,844,116.79
(2) Items that may be reclassified to profit or loss		—	—
Other comprehensive income (net of tax) attributable to non-controlling interests		1,053,000.00	(4,080,375.00)
VI. Total comprehensive income		2,461,229,411.56	3,618,418,898.26
Attributable to shareholders of the Company		2,489,217,776.34	3,600,584,309.86
Attributable to non-controlling interests		(27,988,364.78)	17,834,588.40
VII. Earnings per share:			
(1) Basic earnings per share	V.49	0.3470	0.5319
(2) Diluted earnings per share	V.49	0.3470	0.5319

Legal Representative:
Chen Yunjiang

The person in-charge of accounting affairs:
Dai Qian

The head of the accounting department:
Yao Qunfang

The notes on pages 151 to 276 form part of these financial statements.

COMPANY INCOME STATEMENT

For the Six-month period ended 30 June 2022

(Unit: Yuan Currency: RMB)

Item	Note	Amount for the current period	Amount for the prior period
I. Operation income	XIII.4	2,957,699,940.63	3,925,915,857.26
Less: Operating costs	XIII.4	1,410,156,240.66	1,673,004,739.16
Taxes and surcharges		11,622,902.87	14,105,614.36
General and administrative expenses		69,288,550.84	60,599,540.75
Financial expenses		196,757,495.82	173,011,089.88
Including: Interest expenses		198,520,377.81	174,492,531.14
Interest income		4,746,030.11	4,441,604.21
Add: Other income		11,411,134.56	11,983,292.56
Investment income	XIII.5	641,451,351.53	548,187,264.16
Including: Income from investments in associates and joint ventures		225,015,071.27	314,731,736.26
II. Operating profit		1,922,737,236.53	2,565,365,429.83
Add: Non-operating income		2,646,305.34	6,610,614.39
Less: Non-operating expenses		9,356,759.51	7,282,616.67
III. Profit before income tax		1,916,026,782.36	2,564,693,427.55
Less: Income tax expenses		367,564,526.94	522,743,313.45
IV. Net profit		1,548,462,255.42	2,041,950,114.10
(1) Net profit from continuing operations		1,548,462,255.42	2,041,950,114.10
(2) Net profit from discontinued operations		—	—
V. Other comprehensive income, net of tax		707,806,585.71	909,918,741.95
(1) Items that will not be reclassified to profit or loss		707,806,585.71	909,918,741.95
1. Other comprehensive income recognised under equity method		(17,681,627.67)	(84,589,049.84)
2. Changes in fair value of investments in other equity instruments		725,488,213.38	994,507,791.79
(2) Items that may be reclassified to profit or loss		—	—
VI. Total comprehensive income		<u>2,256,268,841.13</u>	<u>2,951,868,856.05</u>

Legal Representative:

Chen Yunjiang

The person in-charge of accounting affairs:

Dai Qian

The head of the accounting department:

Yao Qunfang

The notes on pages 151 to 276 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the Six-month period ended 30 June 2022

(Unit: Yuan Currency: RMB)

Item	Note	Amount for the current period	Amount for the prior period
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		4,126,081,243.48	5,386,837,218.09
Refund of taxes		542,416,965.64	–
Proceeds from other operating activities	V.51(1)	482,443,911.11	426,193,697.07
Sub-total of cash inflows		5,150,942,120.23	5,813,030,915.16
Payment for goods and services		1,189,078,057.95	1,391,224,556.13
Payment to and for employees		524,019,704.26	447,586,109.66
Payment of various taxes		677,157,208.96	765,528,665.09
Payment for other operating activities	V.51(2)	591,858,133.63	609,102,245.35
Sub-total of cash outflows		2,982,113,104.80	3,213,441,576.23
Net cash inflow from operating activities	V.52(1)	2,168,829,015.43	2,599,589,338.93
II. Cash flows from investing activities:			
Proceeds from disposal of investments		6,120,656,108.08	7,094,228,806.88
Investment returns received		496,888,152.32	276,933,577.35
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		31,510,829.89	41,364.43
Sub-total of cash inflows		6,649,055,090.29	7,371,203,748.66
Payment for acquisition of fixed assets, intangible assets and other long-term assets		527,694,244.93	1,375,575,106.35
Payment for acquisition of investments		7,896,679,469.68	9,352,762,847.82
Sub-total of cash outflows		8,424,373,714.61	10,728,337,954.17
Net cash outflow from investing activities		(1,775,318,624.32)	(3,357,134,205.51)

CONSOLIDATED CASH FLOW STATEMENT

For the Six-month period ended 30 June 2022

(Unit: Yuan Currency: RMB)

Item	Note	Amount for the current period	Amount for the prior period
III. Cash flows from financing activities:			
Proceeds from investors		—	600,000.00
Including: Proceeds from non-controlling shareholders of subsidiaries		—	600,000.00
Proceeds from borrowings		2,769,500,000.00	2,149,150,000.00
Proceeds from issue of bonds		13,770,508,244.69	10,459,812,500.00
Sub-total of cash inflows		16,540,008,244.69	12,609,562,500.00
Repayments of borrowings		16,386,499,866.52	11,329,775,862.11
Payment for dividends, profit distributions or interest Including: Dividends and profits paid to non-controlling shareholders of subsidiaries		449,725,859.74	367,404,739.26
Payment for other financing activities	V.51(3)	—	11,961,277.33
Sub-total of cash outflows		16,836,225,726.26	11,709,141,878.70
Net cash inflow from financing activities		(296,217,481.57)	900,420,621.30
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		—	—
V. Net increase in cash and cash equivalents	V.52(1)	97,292,909.54	142,875,754.72
Add: Cash and cash equivalents at the beginning of the period		489,796,813.01	350,989,093.35
VI. Cash and cash equivalents at the end of the period	V.52(2)	587,089,722.55	493,864,848.07

Legal Representative:
Chen Yunjiang

The person in-charge of accounting affairs:
Dai Qian

The head of the accounting department:
Yao Qunfang

The notes on pages 151 to 276 form part of these financial statements.

COMPANY CASH FLOW STATEMENT

For the Six-month period ended 30 June 2022

(Unit: Yuan Currency: RMB)

Item	Notes	Amount for the current period	Amount for the prior period
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		3,044,017,076.58	4,135,301,336.75
Proceeds from other operating activities		31,786,616.95	36,088,471.89
Sub-total of cash inflows		3,075,803,693.53	4,171,389,808.64
Payment for goods and services		833,481,160.82	1,023,322,361.22
Payment to and for employees		387,882,073.37	360,023,866.59
Payment of various taxes		451,517,630.21	501,177,412.35
Payment for other operating activities		51,827,622.08	49,343,348.28
Sub-total of cash outflows		1,724,708,486.48	1,933,866,988.44
Net cash inflow from operating activities		1,351,095,207.05	2,237,522,820.20
II. Cash flows from investing activities:			
Proceeds from disposal of investments		5,324,683,231.70	6,112,520,972.47
Investment returns received		431,475,392.51	220,021,574.08
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		2,639.00	18,667.00
Proceeds from other investing activities		3,305,000,000.00	844,594,328.77
Sub-total of cash inflows		9,061,161,263.21	7,177,155,542.32
Payment for acquisition of fixed assets, intangible assets and other long-term assets		36,098,543.44	54,847,805.34
Payment for acquisition of investments		6,860,072,135.54	8,702,136,640.85
Payment for other investing activities		4,515,000,000.00	2,704,000,000.00
Sub-total of cash outflows		11,411,170,678.98	11,460,984,446.19
Net cash outflow from investing activities		(2,350,009,415.77)	(4,283,828,903.87)

COMPANY CASH FLOW STATEMENT

For the Six-month period ended 30 June 2022

(Unit: Yuan Currency: RMB)

Item	Notes	Amount for the current period	Amount for the prior period
III. Cash flows from financing activities:			
Proceeds from borrowings		1,200,000,000.00	610,000,000.00
Proceeds from issue of bonds		13,775,357,228.02	10,459,812,500.00
Sub-total of cash inflows		14,975,357,228.02	11,069,812,500.00
Repayments of borrowings		13,980,791,534.52	8,870,804,195.11
Payment for dividends or interest		192,604,963.19	121,756,097.31
Payment for other financing activities		-	10,066,041.62
Sub-total of cash outflows		14,173,396,497.71	9,002,626,334.04
Net cash outflow from financing activities		801,960,730.31	2,067,186,165.96
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		-	-
V. Net (decrease)/increase in cash and cash equivalents			
		(196,953,478.41)	20,880,082.29
Add: Cash and cash equivalents at the beginning of the period		319,971,226.51	54,526,689.45
VI. Cash and cash equivalents at the end of the period			
		123,017,748.10	75,406,771.74

Legal Representative:
Chen Yunjiang

The person in-charge of accounting affairs:
Dai Qian

The head of the accounting department:
Yao Qunfang

The notes on pages 151 to 276 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the Six-month period ended 30 June 2022

(Unit: Yuan Currency: RMB)

Item	Amount for the current period							Total
	Attributable to shareholders of the Company							
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Non-controlling interests	
I. Closing balance as at 31 December 2021	5,037,747,500.00	10,502,925,603.25	931,335,600.50	3,832,362,128.54	6,505,092.88	9,919,407,826.11	5,129,609,234.17	35,359,892,985.45
II. Changes in equity during the period ("-" for decreases)	-	-	740,878,098.21	-	842,107.79	(569,866,279.66)	(27,988,364.78)	143,865,561.56
(1) Total comprehensive income	-	-	740,878,098.21	-	-	1,748,339,678.13	(27,988,364.78)	2,461,229,411.56
(2) Shareholders' contributions and decrease of capital	-	-	-	-	-	-	-	-
1. Contribution by ordinary shareholders	-	-	-	-	-	-	-	-
(3) Appropriation of profits	-	-	-	-	842,107.79	(2,318,205,957.79)	-	(2,317,363,850.00)
1. Appropriation for surplus reserve	-	-	-	-	-	-	-	-
2. Distributions to shareholders	-	-	-	-	-	(2,317,363,850.00)	-	(2,317,363,850.00)
3. Appropriation for general risk reserve	-	-	-	-	842,107.79	(842,107.79)	-	-
III. Closing balance at 30 June 2022	5,037,747,500.00	10,502,925,603.25	1,672,213,698.71	3,832,362,128.54	7,347,200.67	9,349,541,546.45	5,101,620,869.39	35,503,758,547.01

Legal Representative:
Chen Yunjiang

The person in-charge of accounting affairs:
Dai Qian

The head of the accounting department:
Yao Qunfang

The notes on pages 151 to 276 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the Six-month period ended 30 June 2022

(Unit: Yuan Currency: RMB)

Item	Amount for the prior period							Total
	Attributable to shareholders of the Company				Other			
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Non-controlling interests	
I. Closing balance as at 31 December 2020	5,037,747,500.00	10,502,833,951.29	806,954,969.94	3,650,405,305.55	3,487,713.71	8,208,531,658.34	4,839,308,542.18	33,049,269,841.01
II. Changes in equity during the period ("-" for decreases)								
(1) Total comprehensive income	-	-	921,255,066.95	-	1,639,289.02	360,326,103.89	7,327,136.05	1,290,547,595.91
(2) Shareholders' contributions and decrease of capital	-	-	921,255,066.95	-	-	2,679,329,242.91	17,834,588.40	3,618,418,888.26
1. Contribution by ordinary shareholders	-	-	-	-	-	-	600,000.00	600,000.00
(3) Appropriation of profits	-	-	-	-	1,639,289.02	(2,319,003,193.02)	(11,107,452.35)	(2,328,471,302.35)
1. Appropriation for surplus reserve	-	-	-	-	-	-	-	-
2. Distributions to shareholders	-	-	-	-	-	(2,317,363,850.00)	(11,107,452.35)	(2,328,471,302.35)
3. Appropriation for general risk reserve	-	-	-	-	1,639,289.02	(1,639,289.02)	-	-
III. Closing balance at 30 June 2021	5,037,747,500.00	10,502,833,951.29	1,728,210,036.89	3,650,405,305.55	5,127,002.73	8,568,857,762.23	4,846,635,678.23	34,339,817,236.92

Legal Representative:
Chen Yunjiang

The person in-charge of accounting affairs:
Dai Qian

The head of the accounting department:
Yao Qunfang

The notes on pages 151 to 276 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the Six-month period ended 30 June 2022

(Unit: Yuan Currency: RMB)

Item	Amount for the current period					Total
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	
I. Closing balance as at 31 December 2021	5,037,747,500.00	10,372,950,811.58	336,797,292.10	2,518,873,750.00	7,017,852,074.36	25,284,221,428.04
II. Changes in equity during the period ("-" for decreases)	-	-	707,806,585.71	-	(768,901,594.58)	(61,095,008.87)
(1) Total comprehensive income	-	-	707,806,585.71	-	1,548,462,255.42	2,256,268,841.13
(2) Shareholders' contributions and decrease of capital	-	-	-	-	-	-
1. Capital reserve of investee under equity method	-	-	-	-	-	-
2. Transfer from merger of Ningchang Zhenli	-	-	-	-	-	-
(3) Appropriation of profits	-	-	-	-	(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 2022	<u>5,037,747,500.00</u>	<u>10,372,950,811.58</u>	<u>1,044,603,877.81</u>	<u>2,518,873,750.00</u>	<u>6,248,950,479.78</u>	<u>25,223,126,419.17</u>

Legal Representative:
Chen Yunjiang

The person in-charge of accounting affairs:
Dai Qian

The head of the accounting department:
Yao Qunfang

The notes on pages 151 to 276 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the Six-month period ended 30 June 2022

(Unit: Yuan Currency: RMB)

Item	Amount for the prior period					Total
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	
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	5,859,145,341.72	23,969,285,200.38
II. Changes in equity during the period ("-" for decreases)	-	-	909,918,741.95	-	(275,413,735.90)	634,505,006.05
(1) Total comprehensive income	-	-	909,918,741.95	-	2,041,950,114.10	2,951,868,856.05
(2) Shareholders' contributions and decrease of capital	-	-	-	-	-	-
1. Capital reserve of investee under equity method	-	-	-	-	-	-
2. Transfer from merger of Ningchang Zhenli	-	-	-	-	-	-
(3) Appropriation of profits	-	-	-	-	(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 2021	<u>5,037,747,500.00</u>	<u>10,372,859,159.62</u>	<u>1,090,578,190.99</u>	<u>2,518,873,750.00</u>	<u>5,583,731,605.82</u>	<u>24,603,790,206.43</u>

Legal Representative:

Chen Yunjiang

The person in-charge of accounting affairs:

Dai Qian

The head of the accounting department:

Yao Qunfang

The notes on pages 151 to 276 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

I. COMPANY STATUS

Jiangsu Expressway Company Limited (the “Company”) is a company limited by shares established in Nanjing, Jiangsu province on 1 August 1992, with its head office located at Nanjing. The parent of the Company and its ultimate holding company is Jiangsu Communications Holding Company Limited (“Communications Holding”).

The principal activities of the Company and its subsidiaries (collectively referred to 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 road. Please refer to Note VI for details of the subsidiaries of the Company.

II. BASIS OF PREPARATION

As at 30 June 2022, the Group had total current liabilities in excess of total current assets of RMB5,474,657,426.19. As at 30 June 2022, the Group has available unutilized bank loan facilities with a time limit over one year of not less than RMB10,000,000,000.00, and the Group has authorized but not issued super short-term bonds with a time limit over one year of approximately RMB4,000,000,000.00. The Company’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, therefore, the financial statements have been prepared on the going concern basis.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group is principally engaged in toll road operation. The Group determines the specific accounting policies on the amortization of toll road operation rights according to the toll road industry characteristics. Refer to Note III.16 for details.

1. Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards (“CAS”) issued by the MOF. These financial statements present truly and completely the consolidated financial position and financial position of the Company as at 30 June 2022, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended.

These financial statements also comply with the disclosure requirements of “Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No. 15: General Requirements for Financial Reports” as revised by the China Securities Regulatory Commission (“CSRC”) in 2014.

2. Accounting period

The accounting period is from 1 January to 31 December.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3. Operating cycle

The Company takes the period from the acquisition of assets for processing to until the ultimate realisation of cash or cash equivalents as a normal operating cycle. Except for the real estate industry, the Group's business cycle is short, and 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 Group operates. Therefore, the Group adopts RMB as its functional currency. The Company adopts RMB to prepare its financial statements.

5. Accounting treatments for business combinations involving entities under common control and not under common control

A transaction constitutes a business combination when the Group obtains control of one or more entities (or a group of assets or net assets). Business combination is classified as either business combinations involving enterprises under common control or business combinations not involving enterprises under common control.

For a transaction not involving enterprises under common control, the acquirer determines whether acquired set of assets constitute a business. The Group may elect to apply the simplified assessment method, the concentration test, to determine whether an acquired set of assets is not a business. If the concentration test is met and the set of assets is determined not to be a business, no further assessment is needed. If the concentration test is not met, the Group shall perform the assessment according to the guidance on the determination of a business.

When the set of assets the group acquired does not constitute a business, acquisition costs should be allocated to each identifiable assets and liabilities at their acquisition-date fair values. It is not required to apply the accounting of business combination described as below.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Accounting treatments for business combinations involving entities under common control and not under common control (Continued)

(1) Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings. Any costs directly attributable to the combination are recognised in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities.

(2) Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill (see Note III.18). If (1) is less than (2), the difference is recognised in profit or loss for the current period. The costs of issuing equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. acquisition-related costs are expensed when incurred. Any difference between the fair value and the carrying amount of the assets transferred as consideration is recognised in profit or loss. The acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are recognised by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

For a business combination involving entities not under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its acquisition-date fair value and recognises any resulting difference between the fair value and the carrying amount as investment income or other comprehensive income for the current period. In addition, any amount recognised in other comprehensive income and other changes in the owners' equity under equity accounting in prior reporting periods relating to the previously-held equity interest that may be reclassified to profit or loss are transferred to investment income at the date of acquisition (see Note III.11(2)(b)); Any previously-held equity interest that is designated as equity investment at fair value through other comprehensive income, the other comprehensive income recognised in prior reporting periods is transferred to retained earnings and surplus reserve at the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Consolidated financial statements

(1) General principles

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interests are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item.

When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in the financial statements.

(2) Subsidiaries acquired through a business combination

Where a subsidiary was acquired during the reporting period, through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Consolidated financial statements (Continued)

(2) Subsidiaries acquired through a business combination (Continued)

Where a subsidiary was acquired during the reporting period, through a business combination involving entities not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

(3) Disposal of subsidiaries

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognised as investment income for the current period.

When the Group loses control of a subsidiary in multiple transactions in which it disposes of its long-term equity investment in the subsidiary in stages, the following are considered to determine whether the Group should account for the multiple transactions as a bundled transaction:

- arrangements are entered into at the same time or in contemplation of each other;
- arrangements work together to achieve an overall commercial effect;
- the occurrence of one arrangement is dependent on the occurrence of at least one other arrangement;
- one arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.

If each of the multiple transactions does not form part of a bundled transaction, the transactions conducted before the loss of control of the subsidiary are accounted for in accordance with the accounting policy for partial disposal of equity investment in subsidiaries where control is retained (see Note III.6(4)).

If each of the multiple transactions forms part of a bundled transaction which eventually results in the loss of control in the subsidiary, these multiple transactions are accounted for as a single transaction. In the consolidated financial statements, the difference between the consideration received and the corresponding proportion of the subsidiary's net assets (calculated continuously from the acquisition date) in each transaction prior to the loss of control shall be recognised in other comprehensive income and transferred to profit or loss when the parent eventually loses control of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Consolidated financial statements (Continued)

(4) Changes in non-controlling interests

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

7. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdraw on demand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

8. Foreign currency transactions and translation of foreign currency financial statements

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss, except that 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 (see Note III.15). Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognised in profit or loss, except for the differences arising from the re-translation of equity investments at fair value through other comprehensive income, which are recognised in 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 rates 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments

Financial instruments include cash at bank and on hand, investments in debt and equity securities other than those classified as long-term equity investments (see Note III.11), receivables, payables, loans and borrowings, debentures payable and share capital.

(1) Recognition and initial measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

A financial asset or financial liability is measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. A trade receivable, without significant financing component or practical expedient applied for one year or less contracts, is initially measured at the transaction price in accordance with Note III.21.

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income ("FVOCI"), or at fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(2) Classification and subsequent measurement of financial assets (Continued)

(a) Classification of financial assets (Continued)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. The instrument meets the definition of equity from the perspective of the issuer.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(2) Classification and subsequent measurement of financial assets (Continued)

(b) Subsequent measurement of financial assets

– Financial assets at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

– Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or in order to recognise impairment gains or losses.

– Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(3) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL, financial guarantee liabilities or amortised cost.

– Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

– Financial guarantee liabilities

Financial guarantees are contracts that requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Subsequent to initial recognition, deferred income related to financial guarantee is amortised in profit or loss. A financial guarantee liability is measured at the higher of the amount of the loss allowance determined in accordance with impairment policies of financial instruments and the amount initially recognised less the cumulative amount of income.

– Financial liabilities at amortised cost

These financial liabilities are subsequently measured at amortised cost using the effective interest method.

(4) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- The Group currently has a legally enforceable right to set off the recognised amounts:
- The Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(5) Derecognition of financial assets and financial liabilities

Financial asset is derecognised when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or;
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(6) Impairment

The Group recognises loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortised cost;
- lease receivables.

Financial assets measured at fair value, including debt investments or equity securities at FVTPL, equity securities designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(6) Impairment (Continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECL. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

Except for trade receivables and lease receivables, the Group measures loss allowance at an amount equal to 12-month ECL for the following financial instruments, and at an amount equal to lifetime ECL for all other financial instruments.

- If the financial instrument is determined to have low credit risk at the balance sheet date; or
- If the credit risk on a financial instrument has not increased significantly since initial recognition.

Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(6) Impairment (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(6) Impairment (Continued)

Credit-impaired financial assets (Continued)

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(7) Equity instrument

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

10. Inventories

(1) Classification and cost

Inventories 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.

(2) Measurement method of cost of inventories

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.

(3) Basis for determining the net realisable value and method for provision for obsolete inventories

At the balance sheet date, inventories are carried at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. Provision for decline in value of inventories is made based on the excess of cost inventory over its net realizable value on an item-by-item basis.

(4) Inventory count system

The Group maintains a perpetual inventory system.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term equity investments

(1) Investment cost of long-term equity investments

(a) Long-term equity investments acquired through a business combination

- The initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the share premium in the capital reserve, with any excess adjusted to retained earnings. For a long-term equity investment in a subsidiary acquired through a business combination achieved in stages which do not form a bundled transaction and involving entities under common control, the Company determines the initial cost of the investment in accordance with the above policies. The difference between this initial cost and the sum of the carrying amount of previously-held investment and the consideration paid for the shares newly acquired is adjusted to capital premium in the capital reserve, with any excess adjusted to retained earnings.
- For a long-term equity investment obtained through a business combination not involving entities under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree. For a long-term equity investment obtained through a business combination not involving entities under common control and achieved through multiple transactions in stages which do not form a bundled transaction, the initial cost comprises the carrying amount of the previously-held equity investment in the acquiree immediately before the acquisition date, and the additional investment cost at the acquisition date.

(b) Long-term equity investments acquired other than through a business combination

- A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term equity investments (Continued)

(2) Subsequent measurement of long-term equity investment

(a) Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method for subsequent measurement unless the investment is classified as held for sale. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

The investments in subsidiaries are stated in the balance sheet at cost less accumulated impairment losses.

For the impairment of the investments in subsidiaries, refer to Note III.18.

In the Group's consolidated financial statements, subsidiaries are accounted for in accordance with the policies described in Note III.6.

(b) Investment in joint ventures and associates

A joint venture is an arrangement whereby the Group and other parties have joint control (see Note III.11(3)) and rights to the net assets of the arrangement.

An associate is an entity over which the Group has significant influence (see Note III.11(3)).

An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale.

The accounting treatments under the equity method adopted by the Group are as follows:

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term equity investments (Continued)

(2) Subsequent measurement of long-term equity investment (Continued)

(b) Investment in joint ventures and associates (Continued)

- After the acquisition of the investment, the Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution (referred to as "other changes in owners' equity"), is recognised directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.
- In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.
- The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits has fully covered the share of losses not recognised.

For the impairment of the investments in joint ventures and associates, refer to Note III.18.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term equity investments (Continued)

(3) Criteria for determining the existence of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities with significant impact on the returns of the arrangement) require the unanimous consent of the parties sharing control.

The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

- Whether no single participant party is in a position to control the investee's related activities unilaterally;
- Whether strategic decisions relating to the investee's related activities require the unanimous consent of all participant parties that sharing of control.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but does not have control or joint control over those policies.

12. Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are accounted for using the cost model and stated in the balance sheet at cost less accumulated depreciation, amortisation and impairment losses. The cost of investment property, less its estimated residual value and accumulated impairment losses, is depreciated or amortised using the straight-line method over its estimated useful life, unless the investment property is classified as held for sale. For the impairment of the investment properties, refer to Note III.18.

The estimated useful lives, residual value rates and depreciation rates of each class of investment properties are as follows:

Class	Estimated useful life <i>(years)</i>	Residual value rate <i>(%)</i>	Depreciation rate <i>(%)</i>
Plant & buildings	30	0-3	3.2-3.3

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Fixed assets

(1) Recognition of fixed assets

Fixed assets represent the tangible assets held by the Group for use in supply of services, for rental, or for administrative purposes with useful lives over one accounting year.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note III.14.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day maintenance of fixed assets are recognised in profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

(2) Depreciation of fixed assets

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed asset is classified as held for sale.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Fixed assets (Continued)

(2) Depreciation of fixed assets (Continued)

The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Class	Estimated useful life (years)	Residual value rate (%)	Depreciation rate (%)
Plant and buildings	10–30	0	3.3–10.0
Safety equipment	10	3	9.7
Communication and surveillance equipment	8	3	12.1
Toll and ancillary equipment	8	3	12.1
Machinery 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

Useful lives, estimated residual values and depreciation methods are reviewed at least at each year-end.

(3) For the impairment of the fixed assets, refer to Note III.18.

(4) Disposal of fixed assets

The carrying amount of a fixed asset is derecognised:

- when the fixed asset is holding for disposal; or
- when no future economic benefit is expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item, and are recognised in profit or loss on the date of retirement or disposal.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs (see Note III.15), and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is classified as construction in progress and transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress.

Construction in progress is stated in the balance sheet at cost less accumulated impairment losses (see Note III.18).

15. Borrowing costs

Borrowing costs incurred directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset. Other borrowing costs are recognised as financial expenses when incurred.

During the capitalisation period, the amount of interest (including amortisation of any discount or premium on borrowing) to be capitalised in each accounting period is determined as follows:

- Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.
- To the extent that the Group borrows funds generally and uses them for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditure on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognised amount of the borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognised as a financial expense when incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Borrowing costs (Continued)

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition, construction or production that are necessary to prepare the asset for its intended use or sale are in progress, and ceases when the assets become ready for their intended use or sale. Capitalisation of borrowing costs is suspended when the acquisition, construction or production activities are interrupted abnormally for a period of more than three months.

16. Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note III.18). For an intangible asset with finite useful life, other than toll road operation right, its cost less estimated residual value and accumulated impairment losses is amortised using the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale. If the Group has right to charge users of the toll road service in certain period but the amount is not determined when relevant infrastructure completed, the Group measures the right as intangible asset initially at fair value of received or receivable consideration. The right of operate the road is stated in the balance sheet at historical cost less accumulated amortisation and any impairment losses. It is amortised in accordance with traffic volume methods, and the monthly amortisation amount is calculated by the ratio of the actual traffic volume of the month to the sum of the actual traffic volume of the month and the estimated future traffic volume. When there is significant difference between actual and estimate traffic volume, the Group will re-evaluate the total traffic volume and calculate the amortisation amount.

The respective amortisation periods for intangible assets are as follows:

Item	Estimated useful life	Amortisation period (years)	Residual value rate (%)
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

Useful lives and amortisation methods of intangible asset with finite useful life are reviewed at least at each year-end.

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. The Group reassesses the useful lives of intangible assets with indefinite useful lives in each accounting period. If there is evidence indicating that the useful life of that intangible asset is finite, the Group estimates its useful life and accounts for it in accordance with the same policy as intangible assets with finite useful lives described above.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Long-term deferred expenses

Long-term deferred expenses represent expenses incurred that should be borne and amortised more than one year. Long-term deferred expenses are amortised using a straight-line method within the benefit period.

18. Impairment of assets other than inventories and financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- right-of-use assets
- intangible assets
- investment properties measured using a cost model
- long-term equity investments
- long-term deferred expenses, etc.

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of intangible assets not ready for use at least annually and the recoverable amounts of goodwill at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (see Note III.19) less costs to sell and its present value of expected future cash flows.

An asset group is composed of assets directly related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Impairment of assets other than inventories and financial assets (Continued)

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

19. Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

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.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

20. Provisions

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Provisions (Continued)

- Where the contingency involves a single item, the best estimate is the most likely outcome.
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

21. Revenue recognition

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders.

Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

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.

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. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Where the contract contains a significant financing component, the Group recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term.

The Group satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in time:

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. Revenue recognition (Continued)

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the customer can control the asset created or enhanced during the Group's performance; or
- the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators:

- the Group has a present right to payment for the goods or services;
- the Group has transferred physical possession of the goods to the customer;
- the Group has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and
- the customer has accepted the goods or services.

The Group determines whether it is a principal or an agent, depending on whether it obtains control of the specified good or service before that good or service is transferred to a customer. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer, and recognises revenue in the gross amount of consideration to which it has received (or receivable). Otherwise, the Group is an agent, and recognises revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration, or is the established amount or proportion.

Accounts receivable is the Group's right to consideration that is unconditional (only the passage of time is required). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The following is the description of accounting policies regarding revenue from the Group's principal activities:

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. Revenue recognition (Continued)

(1) Toll road income

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

(2) Construction income

For participation in public infrastructure construction business in the form of PPP, the Group accounts for the construction phase of the project in accordance with the revenue guidelines to determine the Group's status as the primary responsible party. For construction service revenue provided in PPP projects, it is a performance obligation to be performed at a certain point in time and a contract asset is recognized. The Group recognizes the amount of consideration or the amount of construction revenue recognized for the relevant PPP project assets as intangible assets, and the contract assets recognized during the relevant construction period are presented in the balance sheet under "intangible assets". For construction services that are not completed at the balance sheet date, the Group determines the progress of performance based on the proportion of the cumulative actual costs incurred to the estimated total costs and recognizes revenue over the contract period in accordance with the progress of performance.

(3) Income from ancillary service

Ancillary service income is mainly from sales of petroleum products. Income from sales of petroleum products is recognized when control of the petroleum products is transferred.

(4) Income from real estate development

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 and services.

(5) Income from advertisement and other services

Income from advertisement and other services are mainly from advertising operation, the revenue shall be recognized within the service period based on the service time and price after providing services.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Contract costs

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 e.g. an incremental sales commission. 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 the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Employee benefits

(1) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(2) Post-employment benefits – defined contribution plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(3) Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

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

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is recognised as deferred income and amortised over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in other income or non-operating income in the periods in which the expenses or losses are recognised. Or included in other income or non-operating income directly.

25. Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Income tax (Continued)

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss). Deferred tax is not recognised for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amounts of the assets and liabilities, using tax rates enacted at the balance sheet date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and current tax assets;
- deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

26. Leases

A contract is lease if the lessor conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Leases (Continued)

- the contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly specified in a contract and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- the lessee has the right to direct the use of the asset.

For a contract that contains more separate lease components, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate lease components from non-lease components. For a contract that contains lease and non-lease components, the lessee 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. The lessor allocates the consideration in the contract in accordance with the accounting policy in Note III.21.

(1) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note III.18.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Leases (Continued)

(1) As a lessee (Continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Leases (Continued)

(2) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies practical expedient described above, then it classifies the sub-lease as an operating lease.

Under a finance lease, at the commencement date, the Group recognises the finance lease receivable and derecognises the finance lease asset. The finance lease receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return. The derecognition and impairment of the finance lease receivable are recognised in accordance with the accounting policy in Note III.9. Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

Lease receipts from operating leases is recognised as income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognised as income as they are earned.

27. Profit distributions

Dividends or profit distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

In addition to the related parties stated above, the Company determines related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

29. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

30. Significant accounting estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Significant accounting estimates and judgements (Continued)

(1) Significant accounting estimates

Except for accounting estimates relating to depreciation and amortisation of assets such as fixed assets and intangible assets (see Notes III.13 and 16) and provision for impairment of various types of assets (see Notes V.4, 6, 7, 13, 14, 15 and Notes XIII.1, 2). Other significant accounting estimates are as follows:

- (a) Note V.17: Recognition of deferred tax assets;
- (b) Note VIII: Fair value measurements of financial instruments and investment properties.

(2) Significant accounting judgements

Significant judgements made by the Group in the application of accounting policies are as follows:

Notes VI.1 (1) and 2 (1): Significant judgements and assumptions in determining control, joint control or significant influence over other entity.

31. Changes in significant accounting policies and accounting estimates

(1) Description and reasons of changes in accounting policies

In 2022, the Group has adopted the following newly revised accounting standards and implementation guidance and illustrative examples issued by the MOF:

- CAS Bulletin No.15 (Caikuai [2021] No.35) (“Bulletin No. 15”), “Accounting for external sales of products or by-products produced by an enterprise before a fixed asset reaches its intended useable condition or during the research and development process” (“Accounting for trial run sales”)
- Judgment on loss-making contracts in Bulletin No. 15, and
- Notice on issues related to the application of ‘Accounting Treatment of COVID-19 Related Rent Concessions’ (Caikuai [2022] No.13)

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

31. Changes in significant accounting policies and accounting estimates (Continued)

(1) Description and reasons of changes in accounting policies (Continued)

(a) Provisions for accounting treatment of trial sales in Bulletin No. 15

According to the provision, operating income and costs derived from external sales of products or by-products produced in the course of research and development (hereinafter collectively referred to as “trial sales”) are accounted for in accordance with the provisions of CAS No.14 – Revenue and CAS No.1 – Inventory, respectively, and are recognized in profit or loss for the current period.

The adoption of the regulation does not have significant effect on the financial position and financial performance of the Group.

(b) Judgment on loss-making contracts in Bulletin No. 15

According to this provision, when the Group determines a loss-making contract, the estimated cost of performing the contract shall include the incremental cost of performing the contract and the apportioned amount of other costs directly related to the performance of the contract.

The adoption of the regulation does not have significant effect on the financial position and financial performance of the Group.

(c) Caikuai [2022] No.13

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. In accordance with Caikuai [2022] No.13, for the reduction of lease payments payable after 30 June 2022, the simplified method of Caikuai [2020] No.10 can continue to be implemented.

The adoption of the regulation 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 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

31. Changes in significant accounting policies and accounting estimates (Continued)

(2) Description and reasons of changes in accounting estimates

Reasons for the changes in accounting estimates	Approval process	Date of changes in accounting	Items and amounts affected																																												
According to the Group's accounting policy on intangible assets – toll road operation rights, the intangible assets – 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 to the sum of the actual traffic volume and the estimated remaining future traffic volume at that month. In view of the difference between the actual traffic volume and the estimated traffic volume of the Group's major toll roads in recent years, and the estimated possible changes in the remaining traffic volume of the Group in the future, the Group has engaged an independent professional traffic research institute to re-predict the traffic volume of the above expressways in the future operation period. The amortisation of the above intangible assets – toll road operation rights of the Group is calculated based on the adjusted remaining future traffic volume from 1 April 2022.	The changes in accounting estimates have been considered and approved at the ninth meeting of the tenth session of the board of directors of the Company on April 29, 2022.	April, 1 2022	The changes in accounting estimates are accounted for using the prospective method, the effect on the current period accounting statement items is shown as follows: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th></th> <th>Impact of accounting statements</th> <th>Consolidated financial statements</th> <th>Company financial statement</th> </tr> </thead> <tbody> <tr> <td>Increase in intangible assets</td> <td></td> <td>78,030,141.99</td> <td>32,024,546.71</td> </tr> <tr> <td>Decrease in operating costs</td> <td></td> <td>78,030,141.99</td> <td>32,024,546.71</td> </tr> <tr> <td>Increase in deferred income</td> <td></td> <td>147,248.60</td> <td>147,248.60</td> </tr> <tr> <td>Decrease in other income</td> <td></td> <td>147,248.60</td> <td>147,248.60</td> </tr> <tr> <td>Increase in taxes payable</td> <td></td> <td>8,940,694.75</td> <td>7,969,324.53</td> </tr> <tr> <td>Increase in income tax expenses</td> <td></td> <td>8,940,694.75</td> <td>7,969,324.53</td> </tr> <tr> <td>Increase in non-controlling interests</td> <td></td> <td>19,140,116.83</td> <td>-</td> </tr> <tr> <td>Increase in net profit attributed to non-controlling interests</td> <td></td> <td>19,140,116.83</td> <td>-</td> </tr> <tr> <td>Interests in net profit attributed to shareholders of the Company</td> <td></td> <td>49,802,081.81</td> <td>23,907,973.58</td> </tr> <tr> <td>Increase in net assets attributable to shareholders of the Company</td> <td></td> <td><u>49,802,081.81</u></td> <td><u>23,907,973.58</u></td> </tr> </tbody> </table>		Impact of accounting statements	Consolidated financial statements	Company financial statement	Increase in intangible assets		78,030,141.99	32,024,546.71	Decrease in operating costs		78,030,141.99	32,024,546.71	Increase in deferred income		147,248.60	147,248.60	Decrease in other income		147,248.60	147,248.60	Increase in taxes payable		8,940,694.75	7,969,324.53	Increase in income tax expenses		8,940,694.75	7,969,324.53	Increase in non-controlling interests		19,140,116.83	-	Increase in net profit attributed to non-controlling interests		19,140,116.83	-	Interests in net profit attributed to shareholders of the Company		49,802,081.81	23,907,973.58	Increase in net assets attributable to shareholders of the Company		<u>49,802,081.81</u>	<u>23,907,973.58</u>
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RMB: Yuan

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

IV. TAXATION

1. Main types of taxes and corresponding tax rates

Tax type	Tax basis	Tax rate
Value-added tax (VAT)	Output VAT is calculated on product sales and taxable services revenue. The basis for VAT payable is to deduct input VAT from the output VAT for the period	3%-13%
City maintenance and construction tax	Based on VAT paid	5%-7%
Land appreciation tax	Based on appreciation amount on property sold and applicable tax rate	Progressive rates ranging from 30%-60%
Corporate income tax	Based on taxable profits	25%, except Note 2(2)

Except the Group's subsidiaries Kunshan Fengyuan Real Estate Development Co., Ltd. ("Kunshan Fengyuan") and Jiangsu Expressway International (Hong Kong) Company Limited ("Ninghu International") enjoy tax preferential rate of 16.5% in Note 2(2). The income tax rate applicable to the Company and each of its subsidiaries for the year is 25% (2021: 25%).

2. Tax preferential treatments

- (1) According to Document No.39 Issued by Ministry of Finance, the State Taxation Administration and the General Administration of Customs in 2019, 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 the preferential policy for deductible input taxes. In order to promote the relief development of difficult industries in the service sector, the Announcement of the Ministry of Finance and the State Administration of Taxation on the VAT Policy Relating to the Relief Development of Difficult Industries in the Service Sector (Ministry of Finance and State Administration of Taxation No. 11 of 2022) continues to renew the preferential policy of adding credit to production and living service industries, and the implementation period is extended to December 31, 2022.
- (2) According to the Announcement [2021] No.12 issued by Ministry of Finance and the State Taxation Administration, from 1 January 2021 to 31 December 2022, for the part of the annual taxable income of small and micro enterprises not exceeding RMB1,000,000.00, on top of the preferential policies stipulated in Article 2 of the Notice of the Ministry of Finance General Administration of Taxation on the Implementation of Preferential Tax Relief Policies for Small and Micro Enterprises ([2019] No. 13), the enterprise income tax shall be reduced by half; according to the Ministry of Finance Notice of the State Administration of Taxation No. 13 of 2022, from January 1, 2022 to December 31, 2024, the portion above RMB1,000,000.00 but not exceeding RMB3,000,000.00 shall be reduced to 25% 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 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at bank and on hand

Item	30 June 2022	31 December 2021
Cash on hand	79,430.85	130,003.71
Deposits with banks	586,129,837.80	486,778,096.64
Other monetary funds	7,183,493.69	9,219,235.71
Total	593,392,762.34	496,127,336.06

As at 30 June 2022, other monetary funds of the Group include security deposits for certain mortgage loans to customers of RMB1,377,213.02, supervised advance from customers of RMB615,826.77 and security deposits for notes of RMB4,310,000.00 (31 December 2021: security deposits for certain mortgage loans to customers of RMB430,127.25, supervised advance from customers of RMB885,395.80 and security deposits for notes of RMB5,015,000.00). 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 the supervised bank account and all cash payment from the account should coincide with the construction progress in order to ensure the cash being used for property construction on a priority basis.

2. Financial assets held for trading

Item	Notes	30 June 2022	31 December 2021
Financial assets at fair value through profit or loss		4,346,985,361.12	2,646,518,676.44
Including: Financial products	(1)	4,313,250,215.00	2,610,193,360.00
Others	(2)	33,735,146.12	36,325,316.44
Total		4,346,985,361.12	2,646,518,676.44

(1) Financial products

The Group invests its spare funds in financial products issued by banks and other financial institutions. These financial products usually have preset maturity and expected rate of return, and have a wide range of investments, including government and corporate bonds, central bank bills, money market funds and other listed and unlisted equity securities in China. The Group classifies them as financial assets measured at fair value through profit and loss, and listed them as trading financial assets.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Financial assets held for trading (Continued)

(2) Others

Other held-for trading financial asset mainly includes fund investment and stock investment. The Group classifies them as financial assets measured at fair value through profit and loss, and listed them as trading financial assets.

3. Bills receivable

(1) Classification of bills receivable

Item	30 June 2022	31 December 2021
Bank acceptance bills	10,500,000.00	11,890,000.00
Less: Provision for bad and doubtful debts	—	—
Total	10,500,000.00	11,890,000.00

All of the above bills are due within one year.

(2) As at 30 June 2022, the Group has no pledged notes receivable at the end of year (31 December 2021: none).

(3) As at 30 June 2022, there are no endorsed or discounted notes receivable that is not yet due at the end of year (31 December 2021: none).

(4) As at 30 June 2022, there are no notes receivable transferred to accounts receivable due to non-performance of the issuers at the end of the year (31 December 2021: none).

4. Accounts receivable

(1) Accounts receivable by customer type are as follows:

Type	30 June 2022	31 December 2021
Amounts due from related party	288,128,847.76	227,403,394.97
Amounts due from third party	215,065,410.62	214,800,509.15
Sub-total	503,194,258.38	442,203,904.12
Less: Provision for bad and doubtful debts	129,013.48	129,013.48
Total	503,065,244.90	442,074,890.64

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(2) The ageing analysis of accounts receivable is as follows:

Ageing	30 June 2022	31 December 2021
Within 1 year	462,045,027.03	435,753,230.13
Over 1 year but within 2 years	41,149,231.35	6,450,673.99
Sub-total	503,194,258.38	442,203,904.12
Less: Provision for bad and doubtful debts	129,013.48	129,013.48
Total	503,065,244.90	442,074,890.64

The ageing is counted starting from the date when accounts receivable are recognised.

(3) Accounts receivable by provisioning method:

Category	30 June 2022					31 December 2021				
	Book value		Provision for bad and doubtful debts		Carrying amount	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Collective assessment	503,194,258.38	100.00	129,013.48	100.00	503,065,244.90	442,203,904.12	100.00	129,013.48	100.00	442,074,890.64

(4) Movements of provisions for bad and doubtful debts:

	Note	30 June 2022	31 December 2021
Balance at the beginning of the year		129,013.48	244,028.10
Additions during the period		—	—
Recoveries or reversals during the period		—	(115,014.62)
Written-off during the period	(5)	—	—
Balance at the end of the period		129,013.48	129,013.48

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(5) Accounts receivable written off during the period

Item	30 June 2022	31 December 2021
Accounts receivable written off	—	—

(6) Five largest accounts receivable by debtor at the end of the year

The subtotal of five largest accounts receivable of the Group at the end of the year is RMB396,839,627.43, according for 78.88% of the total accounts receivable, and the corresponding balance of provision for bad and doubtful debts is RMB0.

(7) Derecognition of accounts receivable due to transfer of financial assets

The Group has no accounts receivable derecognition due to transfer to financial assets this year (31 December 2021: none).

(8) Assets and liabilities recognised due to the transfer with continuing involvement of accounts receivable

The Group does not transfer receivables this year and continues to involve in the formation of assets and liabilities (31 December 2021: none).

5. Prepayments

(1) Prepayments by category:

Item	30 June 2022	31 December 2021
Prepayment	22,547,543.25	8,650,678.32
Total	22,547,543.25	8,650,678.32

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Prepayments (Continued)

(2) The ageing analysis of prepayments is as follows:

Ageing	30 June 2022		31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year (inclusive)	20,089,161.25	89.10	6,758,873.25	78.13
Over 1 year but within 2 years (inclusive)	2,156,382.00	9.56	1,891,805.07	21.87
Over 2 years but within 3 years (inclusive)	302,000.00	1.34	–	–
Over 3 years	–	–	–	–
Total	<u>22,547,543.25</u>	<u>100.00</u>	<u>8,650,678.32</u>	<u>100.00</u>

The ageing is counted starting from the date when prepayments are recognised.

(3) Five largest prepayments by debtor at 30 June 2022:

Name of entity	Amount	Proportion of the amount to the total repayment (%)
Jiangsu Expressway Information Engineering Co., Ltd.	4,468,660.89	19.82
Kunshan Litong Natural Gas Co. Ltd.	3,000,000.00	13.31
Nanjing Branch of China Land & Casualty Insurance Co., Ltd.	1,805,303.63	8.01
State Grid Jiangsu Electric Power Co., Ltd. Wuxi Power Supply Company	1,786,883.46	7.92
Suzhou Water Supply Co., Ltd. Business Department	1,637,878.51	7.26
Total	<u>12,698,726.49</u>	<u>56.32</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables

	<i>Note</i>	30 June 2022	31 December 2021
Dividends receivable	(1)	39,180,099.60	4,989,960.00
Others	(2)	78,502,873.58	71,312,228.99
Total		<u>117,682,973.18</u>	<u>76,302,188.99</u>

(1) Dividends receivable

(a) Dividends receivable by category:

Investee	30 June 2022	31 December 2021
Jiangsu Yangtze Bridge Co., Ltd.	34,190,139.60	–
Jiangsu Kuailu Motor Transport Co., Ltd. (Kuailu Company)	4,989,960.00	4,989,960.00
Total	<u>39,180,099.60</u>	<u>4,989,960.00</u>

(2) Others

(a) Others by customer type:

Customer type	30 June 2022	31 December 2021
Amounts due from related party	31,648,692.52	31,739,811.86
Amounts due from third party	62,793,294.06	55,511,530.13
Sub-total	94,441,986.58	87,251,341.99
Less: Provision for bad and doubtful debts	15,939,113.00	15,939,113.00
Total	<u>78,502,873.58</u>	<u>71,312,228.99</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

(2) Others (Continued)

(b) The ageing analysis is as follows:

Ageing	30 June 2022	31 December 2021
Within 1 year (inclusive)	30,719,041.49	22,228,306.25
Over 1 year but within 2 years (inclusive)	32,841,606.05	29,678,985.24
Over 2 years but within 3 years (inclusive)	753,153.89	4,025,277.79
Over 3 years	30,128,185.15	31,318,772.71
Sub-total	94,441,986.58	87,251,341.99
Less: Provision for bad and doubtful debts	15,939,113.00	15,939,113.00
Total	78,502,873.58	71,312,228.99

The ageing is counted starting from the date when other receivables are recognised.

(c) Others by provisioning method:

Category	30 June 2022					31 December 2021				
	Book value		Provision for bad and doubtful debts		Carrying amount	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Individual assessment	15,812,140.02	16.74	15,812,140.02	99.20	-	15,812,140.02	18.12	15,812,140.02	99.20	-
Collective assessment	78,629,846.56	83.26	126,972.98	0.80	78,502,873.58	71,439,201.97	81.88	126,972.98	0.80	71,312,228.99
Total	94,441,986.58	100.00	15,939,113.00	100.00	78,502,873.58	87,251,341.99	100.00	15,939,113.00	100.00	71,312,228.99

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

(2) Others (Continued)

(d) Movements of provisions for bad and doubtful debts

Provision for bad and doubtful debts	30 June 2022				31 December 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL – Not credit impaired	Lifetime ECL – Credit impaired		12-month ECL	Lifetime ECL – Not credit impaired	Lifetime ECL – Credit impaired	
Balance at the beginning of the year	126,972.98	-	15,812,140.02	15,939,113.00	126,972.98	-	15,812,140.02	15,939,113.00
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Reverse to stage 2	-	-	-	-	-	-	-	-
Reverse to stage 1	-	-	-	-	-	-	-	-
Additions during the period	-	-	-	-	-	-	-	-
Recoveries or reversals during the period	-	-	-	-	-	-	-	-
Written-off during the period	-	-	-	-	-	-	-	-
Balance at the end of the period	126,972.98	-	15,812,140.02	15,939,113.00	126,972.98	-	15,812,140.02	15,939,113.00

(i) Provisions for bad and doubtful debts

There is no single significant recover or reversal of bad debt provisions of the Group this year.

(ii) Other receivables written off during the period.

The Group has no other receivables written off this year.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

(2) Others (Continued)

(e) Others categorised by nature

Nature of other receivables	30 June 2022	31 December 2021
Liquidated damages (<i>Note</i>)	26,000,000.00	26,000,000.00
Landlord maintenance funds	19,055,442.30	19,865,394.55
Amounts of investment clearance	15,812,140.02	15,812,140.02
Project funds borrowed in advance	6,591,121.50	6,591,121.50
Petty cash	3,979,500.00	5,128,711.80
Mortgage deposits for housing fund loan	3,572,600.00	3,444,600.00
Others	19,431,182.76	10,409,374.12
Sub-total	94,441,986.58	87,251,341.99
Less: Provision for bad and doubtful debts	15,939,113.00	15,939,113.00
Total	78,502,873.58	71,312,228.99

Note: Nanjing Hanwei Property Development Company Limited ("Hanwei Company"), a subsidiary of the Group, entered into an entrusted management agreement with Jiangsu Lord Equity Investment Fund Management Co., Ltd. ("Luode Fund Company"), under which Luode Fund Company shall be responsible for the management of the construction of Hanrui Center Real Estate Project. Due to the delay in the construction project, Nanjing Hanwei failed to deliver to the project to the owner on the agreed date, and Hanwei Company reached an agreement with Luode Fund company to pay liquidated damages to Hanwei Company for the late delivery of the project in 2020.

(f) Five largest others-by debtor at 30 June 2022

Debtor	Nature of the receivable	Balance at the end of the period	Ageing	Percentage of ending balance of others (%)	Ending balance of provision for bad and doubtful debts
Jiangsu Lord Equity Investment Fund Management Co., Ltd.	Compensation Payments	31,598,493.35	1-2 years	40.25	-
Jiangsu Yixing Highway Administration	Amounts of Investment Clearance	15,812,140.02	More than 3 years	0.00	15,812,140.02
Department China Construction Eighth Engineering Division Corp. Ltd.	Project funds borrowed in advance	6,028,716.00	More than 3 years	7.68	-
Suzhou Housing Property Guarantee Co., Ltd.	Deposit	3,572,600.00	1-3 years	4.55	-
Nanjing Guohao Decoration & Installation Engineering Co., Ltd.	Project funds borrowed in advance	336,104.91	2-3 years	0.43	-
Total		57,348,054.28		52.91	15,812,140.02

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories

(1) Inventories by category

Item	30 June 2022			31 December 2021		
	Book value	Provision for impairment of inventories	Carrying amount	Book value	Provision for impairment of inventories	Carrying amount
Properties under development	1,269,470,171.81	-	1,269,470,171.81	1,166,523,570.11	-	1,166,523,570.11
Properties for sales	2,461,860,441.02	-	2,461,860,441.02	2,703,915,759.97	-	2,703,915,759.97
Spare parts for repair and maintenance	4,036,026.53	-	4,036,026.53	9,598,371.93	(5,497,868.60)	4,100,503.33
Petrol	17,288,034.02	-	17,288,034.02	14,661,597.26	-	14,661,597.26
Total	3,752,654,673.38	-	3,752,654,673.38	3,894,699,299.27	(5,497,868.60)	3,889,201,430.67

As at 30 June 2022, the Group's year end balance of inventories included capitalised borrowing costs of RMB241,716,788.69 (31 December 2021: RMB257,706,177.91). The capitalization rate used by the Group to determine the interest expense of borrowings in this year is 3.65%-4.16% (2021: 3.85% - 4.16%).

As at 30 June 2022, there are no inventories pledged as security by the Group (31 December 2021: none).

Details of properties under development are as follows:

Project Name	Commencement date	Estimated completion date	Estimated total investment	31 December 2021	30 June 2022
Baohua Hongyan Community Plot A Project	September 2018	May 2025	2,455,800,000.00	366,474,657.89	368,826,640.03
Huaqiao Urban Core Project	December 2012	September 2022	3,089,100,000.00	681,935,267.04	806,870,781.24
Suzhou Nanmen Road G25 Project	December 2019	July 2022	1,146,300,000.00	118,113,645.18	93,772,750.54
Total			6,691,200,000.00	1,166,523,570.11	1,269,470,171.81

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (Continued)

(1) Inventories by category (Continued)

Details of properties for sales are as follows:

Project Name	Completion date	31 December	Increase	Decrease	30 June 2022
		2021			
Suzhou Qingyuan	December 2013	343,297,798.08	-	-	343,297,798.08
Baohua Hongyan Community Plot B Project	November 2016	160,683,263.52	-	8,340,670.62	152,342,592.90
Huaqiao Urban Core Project	December 2019	475,044,814.82	-	29,174,113.45	445,870,701.37
Suzhou Nanmen Road G25 Project	January 2018	36,387,655.59	-	4,791,835.53	31,595,820.06
Hanrui Center	June 2021	1,688,502,227.96	-	199,748,699.35	1,488,753,528.61
Total		2,703,915,759.97	-	242,055,318.95	2,461,860,441.02

(2) Provision for impairment of inventories

Item	Balance at the beginning of the period	Additions during the period		Written back during the period		Balance at the end of the period
		Provision	Others	Reversals or written-off	Others	
Spare parts for repair and maintenance	5,497,868.60	-	-	5,497,868.60	-	-
Total	5,497,868.60	-	-	5,497,868.60	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Other current assets

Item	Note	30 June 2022	31 December 2021
Factoring receivable	(1)	734,720,066.62	650,509,287.86
Input VAT to be deducted		64,456,553.66	112,316,459.68
Prepaid enterprise income tax		84,859,148.77	62,295,238.44
Prepaid taxes and levies related to pre-sale of real estate		39,581,363.87	52,017,131.60
Others		382,026.34	125,330.23
Sub-total		923,999,159.26	877,263,447.81
Less: Provision for impairment		—	—
Total		923,999,159.26	877,263,447.81

(1) Factoring receivable

As at 30 June 2022, the factoring receivable was from the factoring business of the Group's subsidiary NingHu Commercial Factoring (Guangzhou) Co., Ltd. ("NingHu Factoring Company"), and the effective interest rate of the factoring receivable ranged from 6.00% to 8.00% per annum (31 December 2021: 6.00% – 8.00%).

As at 30 June 2022, the Group has no significant factoring receivable with an aging of more than 1 years. (31 December 2021: none).

9. Long-term equity investments

(1) Long-term equity investments by category:

Item	30 June 2022	31 December 2021
Investments in associates	9,935,451,212.69	9,687,126,007.80
Less: Provision for impairment	—	—
Total	9,935,451,212.69	9,687,126,007.80

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Long-term equity investments (Continued)

(2) Movements of long-term equity investments during the period are as follows:

Investee (Note)	Balance at the beginning of the period	Movements during the current period					Balance at 30 June 2022	Balance of provision for impairment at the end of the period	
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Declared distribution of cash dividends or profits			Provision for impairment
Jiangsu Yanjiang Company Co., Ltd. ("Yanjiang Company")	2,382,900,265.03	-	-	84,786,949.60	-	-	-	2,467,687,214.63	-
Zijin Trust Co., Ltd ("Zijin Trust")	1,966,115,135.79	-	-	44,324,293.59	-	-	-	2,010,439,429.38	-
Suzhou Expressway Management Co., Ltd ("Suzhou Expressway Management")	2,122,416,385.67	-	-	49,015,598.00	-	-	-	2,171,431,983.67	-
Jiangsu Yangtze Bridge Co., Ltd. ("Yangtze Bridge Company")	2,007,584,646.61	-	-	102,200,629.31	(17,681,627.67)	(34,190,139.60)	-	2,057,913,508.65	-
Jiangsu Communications Holding Group Finance Co., Ltd. ("Group Finance Company")	682,500,636.31	-	-	17,982,500.00	-	(12,500,000.00)	-	687,983,136.31	-
Suzhou Nanlin Hotel Co., Ltd. ("Nanlin Hotel")	171,512,468.80	-	-	(609,746.68)	-	-	-	170,902,722.12	-
Jiangsu Xiandai R&B Co., Ltd. ("Xiandai R&B Company")	166,704,743.98	-	-	7,923,042.95	-	-	-	174,627,786.93	-
Jiangsu Communication Culture and Media Co., Ltd. ("Culture Media")	71,504,311.97	-	-	3,403,052.01	-	-	-	74,907,363.98	-
Jiangsu Expressway Network Operation&Management Center ("Network Operation Company")	53,551,965.69	-	-	1,529,423.04	-	-	-	55,081,388.73	-
Kuailu Company	28,740,219.61	-	-	1,125,600.00	-	-	-	29,865,819.61	-
Luode Fund Company	22,100,299.53	-	-	240,463.48	-	-	-	22,340,763.01	-
Jiangsu Yuexin Ninghu Gas Co., Ltd. ("Yuexin Ninghu Company")	11,494,928.81	-	-	775,166.86	-	-	-	12,270,095.67	-
Total	9,687,126,007.80	-	-	312,696,972.16	(17,681,627.67)	(46,690,139.60)	-	9,935,451,212.69	-

Note: The foregoing companies are all unlisted company registered in PRC (Note VI.2).

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Investments in other equity instruments

Item	30 June 2022	31 December 2021
Bank of Jiangsu Co., Ltd. ("Bank of Jiangsu")	5,617,984,046.73	4,614,527,078.89
Jiangsu Financial Leasing Co., Ltd. ("Jiangsu Financial Leasing")	1,200,420,000.00	1,191,060,000.00
Total	6,818,404,046.73	5,805,587,078.89

(1) Investments in other equity instruments:

Item	Reason for being designated at fair value through other comprehensive income	Dividend income recognised for the period	Accumulated gains or losses recognised in other comprehensive income/(loss)	Amount transferred from other comprehensive income to retained earnings	Reason for transferring from other comprehensive income to retained earnings
Bank of Jiangsu (Note 1)	Non-tradable investment in other equity instruments	308,199,920.00	1,058,107,714.82	34,419,723.22	Disposal
Jiangsu Financial Leasing (Note 2)	Non-tradable investment in other equity instruments	81,900,000.00	929,521,543.11	-	N/A
Total		390,099,920.00	1,987,629,257.93	34,419,723.22	

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. 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: It is a restricted outstanding 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 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Other non-current financial assets

Item	30 June 2022	31 December 2021
Financial assets at fair value through profit or loss	3,116,070,412.05	3,004,141,868.26
Including: Equity Interest Investment in partnership		
Suzhou Industrial Park Guochuang Kaiyuan Phase II Investment Center LLP	1,889,738,147.00	1,753,107,019.89
Nanjing Luode Zhongbei Zhiyuan Equity Investment LLP	253,767,411.11	291,927,158.31
Nanjing Luode Huizhi Equity Investment LLP	498,392,635.94	498,449,674.06
Convertible Bonds		
Jiangsu Financial Leasing	474,172,218.00	460,658,016.00
Total	3,116,070,412.05	3,004,141,868.26

12. Investment properties

The investment properties are subsequently measured using the cost model:

	Plant and Buildings
Cost	
Balance at the beginning of the period	65,235,522.17
Transfers from inventories	43,314,818.98
Balance at 30 June 2022	108,550,341.15
Accumulated depreciation or amortisation	
Balance at the beginning of the period	8,526,021.32
Charge for the current period	1,801,482.12
Balance at 30 June 2022	10,327,503.44
Carrying amounts	
At 30 June 2022	98,222,837.71
At the beginning of the period	56,709,500.85

As at 30 June 2022, the Group has no investment properties pending certificates of ownership (31 December 2021: none).

As at 30 June 2022, the Group has no investment properties pledged or mortgaged as security (31 December 2021: none).

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Fixed assets

Item	30 June 2022	31 December 2021
Fixed assets	2,542,572,857.37	2,676,170,843.30
Disposal of fixed assets	219,114.57	–
Total	<u>2,542,791,971.94</u>	<u>2,676,170,843.30</u>

(1) Fixed assets

Item	Plant & buildings	Safety equipment	Toll and ancillary equipment	Communication and surveillance equipment	Machinery & equipment	Electronic equipment	Motor vehicles	Office & other equipment	Total
Cost									
Balance at the beginning of the period	2,610,745,907.37	1,111,112,753.55	543,219,489.54	499,621,419.46	697,103,043.12	82,089,672.19	62,524,235.98	50,329,006.64	5,656,745,527.85
Additions during the current period	14,374,861.62	15,471,931.24	19,767.42	3,738,088.46	7,147,683.13	3,692,226.32	1,644,405.31	625,029.15	46,713,992.65
– Purchases	13,091,069.41	15,471,931.24	–	193,528.00	7,147,683.13	3,292,120.20	1,644,405.31	625,029.15	41,465,766.44
– Transfers from construction in progress	1,283,792.21	–	19,767.42	3,544,560.46	–	400,106.12	–	–	5,248,226.21
Subtraction during the current period	28,578,195.63	1,121,352.69	3,376,302.28	2,678,515.30	13,607,464.97	287,341.50	440,149.00	1,089,226.00	51,178,547.37
– Disposals or written-offs during the current period	16,715,102.66	1,121,352.69	2,423,584.42	49,490.00	694,963.00	287,341.50	440,149.00	2,700.00	21,734,683.27
– Other transfer out-settlement adjustment	11,863,092.97	–	952,717.86	2,629,025.30	12,912,501.97	–	–	1,086,526.00	29,443,864.10
Balance at 30 June 2022	2,596,542,573.36	1,125,463,332.10	539,862,954.68	500,680,992.62	690,643,261.28	85,494,557.01	63,728,492.29	49,864,809.79	5,652,280,973.13
Accumulated depreciation									
Balance at the beginning of the period	1,103,457,574.12	834,146,986.87	221,611,891.25	310,189,288.73	373,859,263.78	50,283,825.78	45,616,997.05	41,408,856.97	2,980,574,684.55
Additions during the current period	52,052,451.42	29,559,577.14	25,806,964.19	15,126,918.38	13,771,583.88	6,500,787.08	1,628,535.60	2,516,795.67	146,963,613.56
Subtraction during the current period	13,864,895.73	1,082,187.97	1,470,875.11	38,790.30	664,551.34	279,318.37	426,944.53	2,619.00	17,830,182.35
Balance at 30 June 2022	1,141,645,129.81	862,624,376.04	245,947,980.33	325,277,416.81	386,966,296.32	56,505,294.49	46,818,588.12	43,923,033.84	3,109,708,115.76
Provision for impairment									
Balance at the beginning of the period	–	–	–	–	–	–	–	–	–
Additions during the current period	–	–	–	–	–	–	–	–	–
Subtraction during the current period	–	–	–	–	–	–	–	–	–
Balance at 30 June 2022	–	–	–	–	–	–	–	–	–
Carrying amounts									
At 30 June 2022	1,454,897,443.55	262,838,956.06	293,914,974.35	175,403,575.81	303,676,964.96	28,989,262.52	16,909,904.17	5,941,775.95	2,542,572,857.37
At the beginning of the period	1,507,288,333.25	276,965,766.68	321,607,598.29	189,432,130.73	323,243,779.34	31,805,846.41	16,907,238.93	8,920,149.67	2,676,170,843.30

As at 30 June 2022, the Group has no fixed assets as collateral for the Group's liabilities (31 December 2021: none).

As at 30 June 2022, the Group has no temporarily idle fixed assets (31 December 2021: none).

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Fixed assets (Continued)

(2) Fixed assets leased out under operating leases

Item	30 June 2022	31 December 2021
Plant & buildings	211,994,396.72	183,152,190.17

(3) Fixed assets pending certificates of ownership

As at 30 June 2022, the book value of the Group's fixed assets without certificates of ownership is RMB1,009,096,285.63(31 December 2021: RMB978,900,849.93), the above assets were incorporated into communication facilities, therefore cannot obtain certification at present.

14. Construction in progress

	30 June 2022	31 December 2021
Construction in progress	288,984,113.55	262,194,738.58

(1) Construction in progress

Project	30 June 2022			31 December 2021		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Construction project of acoustic barrier	3,078,624.89	-	3,078,624.89	3,078,624.89	-	3,078,624.89
Housing projects of toll stations and service zones	83,570,785.87	-	83,570,785.87	72,047,391.70	-	72,047,391.70
Toll stations software renovation	13,247,754.25	-	13,247,754.25	12,401,762.93	-	12,401,762.93
Three major system construction project	6,085,668.80	-	6,085,668.80	5,938,932.86	-	5,938,932.86
Information construction project	42,754,123.58	-	42,754,123.58	46,124,609.04	-	46,124,609.04
Suzhou Yangcheng Lake entrance and exit relocation project	66,471,730.69	-	66,471,730.69	49,859,011.36	-	49,859,011.36
Harbor type emergency stop construction project of Shanghai-Nanjing Expressway	30,847,950.57	-	30,847,950.57	30,847,950.57	-	30,847,950.57
Power monitoring upgrading and transformation project of Ninghu company	13,570,000.00	-	13,570,000.00	13,570,000.00	-	13,570,000.00
Large screen reconstruction project of Ninghu command and dispatching center	9,094,817.00	-	9,094,817.00	9,094,817.00	-	9,094,817.00
Others	20,262,657.90	-	20,262,657.90	19,231,638.23	-	19,231,638.23
Total	288,984,113.55	-	288,984,113.55	262,194,738.58	-	262,194,738.58

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Construction in progress (Continued)

(2) Movements of major construction projects in progress during the current period

Project	Budget	Balance at the beginning of the period	Additions during the current period	Transfers to fixed assets	Balance at 30 June 2022	Percentage of actual cost to budget (%)	Project progress	Accumulated capitalised interest	Including: Interest capitalised in 2022	Interest rate for capitalisation in 2022 (%)	Sources of funding
Construction project of acoustic barrier	48,803,796.49	3,078,624.89	-	-	3,078,624.89	6.31%	In Progress	-	-	-	Own funds
Housing projects of toll stations and service zones	148,418,995.87	72,047,391.70	12,866,686.38	1,343,292.21	83,570,785.87	73.59%	In Progress	-	-	-	Own funds
Toll stations software renovation	130,864,000.00	12,401,762.93	845,991.32	-	13,247,754.25	10.12%	In Progress	-	-	-	Own funds
Three major system construction project	228,203,026.78	5,938,932.86	166,503.36	19,767.42	6,085,668.80	7.89%	In Progress	-	-	-	Own funds
Information construction project	60,465,620.61	46,124,609.04	174,075.00	3,544,560.46	42,754,123.58	77.18%	In Progress	-	-	-	Own funds
Suzhou Yangcheng Lake entrance and exit relocation project	98,000,000.00	49,859,011.36	16,612,719.33	-	66,471,730.69	67.83%	In Progress	-	-	-	Own funds
Harbor type emergency stop construction project of Shanghai-Nanjing Expressway	62,660,000.00	30,847,950.57	-	-	30,847,950.57	49.23%	In Progress	-	-	-	Own funds
Power monitoring upgrading and transformation project of Ninghu company	18,900,000.00	13,570,000.00	-	-	13,570,000.00	71.80%	In Progress	-	-	-	Own funds
Large screen reconstruction project of Ninghu command and dispatching center	16,500,000.00	9,094,817.00	-	-	9,094,817.00	55.12%	In Progress	-	-	-	Own funds
Others	80,477,460.53	19,231,638.23	1,371,625.79	340,606.12	20,262,657.90	47.22%	In Progress	-	-	-	Own funds
Total		262,194,738.58	32,037,601.18	5,248,226.21	288,984,113.55			-	-	-	

(3) The Group did not note any indicators of impairment; therefore, there is no provision for impairment losses for construction in progress (31 December 2021: none).

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Intangible assets

(1) Intangible assets

Item	Toll road operation				Total
	Toll road operation rights-in operation	rights-under construction	Land use rights	software	
Cost					
Balance at the beginning of the period	50,429,440,142.62	2,006,205,132.24	1,744,161,676.21	76,638,366.27	54,256,445,317.34
Additions during the current period	-	425,821,793.86	-	-	425,821,793.86
- Internally generated	-	425,821,793.86	-	-	425,821,793.86
Decrease during the current period	10,840,973.21	-	-	-	10,840,973.21
- Other decrease-settlement adjustment	10,840,973.21	-	-	-	10,840,973.21
Balance at 30 June 2022	50,418,599,169.41	2,432,026,926.10	1,744,161,676.21	76,638,366.27	54,671,426,137.99
Accumulated amortisation					
Balance at the beginning of the period	15,709,854,097.42	-	1,412,476,868.29	66,387,718.82	17,188,718,684.53
Additions during the current period	658,004,696.20	-	32,329,111.32	1,139,561.13	691,473,368.65
- Charge for the current period	658,004,696.20	-	32,329,111.32	1,139,561.13	691,473,368.65
Balance at 30 June 2022	16,367,858,793.62	-	1,444,805,979.61	67,527,279.95	17,880,192,053.18
Carrying amounts					
At 30 June 2022	<u>34,050,740,375.79</u>	<u>2,432,026,926.10</u>	<u>299,355,696.60</u>	<u>9,111,086.32</u>	<u>36,791,234,084.81</u>
At the beginning of the period	<u>34,719,586,045.20</u>	<u>2,006,205,132.24</u>	<u>331,684,807.92</u>	<u>10,250,647.45</u>	<u>37,067,726,632.81</u>

As at 30 June 2022, the Group pledged the toll road operation rights-in operation of RMB18,949,992,297.10 and the toll road operation rights-under construction's future collection right of RMB2,432,026,926.10 to obtain loan from banks (2021: RMB19,132,313,193.97 and RMB2,006,205,132.24). Please refer to Note V.29 for the details.

(2) Land use rights pending certificates of ownership

As at 30 June 2022, the Group has no land use rights without certificates of ownership (31 December 2021: none).

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Long-term deferred expenses

Item	Balance at the beginning of the period	Additions during the current period	Amortisation for the current period	Balance at 30 June 2022
Building improvements	2,680,230.99	1,509,566.99	1,215,104.52	2,974,693.46
Less: Provision for impairment	–	–	–	–
Total	<u>2,680,230.99</u>	<u>1,509,566.99</u>	<u>1,215,104.52</u>	<u>2,974,693.46</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets and liabilities

Item	30 June 2022		31 December 2021	
	Deductible or taxable temporary differences ("-" for taxable temporary difference)	Deferred tax assets/ deferred tax liabilities ("-" for liabilities)	Deductible or taxable temporary differences ("-" for taxable temporary difference)	Deferred tax assets/ deferred tax liabilities ("-" for liabilities)
Deferred tax assets:				
Provision for impairment of assets	16,068,126.48	4,017,031.62	21,565,995.08	5,391,498.76
Unrealised profits of intra-group transactions	363,114,153.97	90,778,538.49	363,803,585.97	90,950,896.48
Changes in fair value of investments in other equity instruments	-	-	75,116,257.03	18,779,064.26
Income tax and land appreciation tax of real estate projects	255,693,898.79	63,923,474.70	253,297,244.03	63,324,311.01
Accrued expense	79,123,211.37	19,780,802.84	71,454,361.16	17,863,590.29
Deferred income	58,574,612.56	14,643,653.14	62,807,025.04	15,701,756.26
Sub-total	772,574,003.17	193,143,500.79	848,044,468.31	212,011,117.06
Amount offset	(74,642,739.04)	(18,660,684.76)	(159,489,277.13)	(39,872,319.28)
Balance after offsetting	697,931,264.13	174,482,816.03	688,555,191.18	172,138,797.78
Deferred tax liabilities:				
Changes in fair values of held-for-trading financial assets	(23,724,576.44)	(5,931,144.11)	(26,324,420.44)	(6,581,105.10)
Changes in fair values of investments in other equity instruments	(1,987,629,257.93)	(496,907,314.48)	(1,049,928,547.11)	(262,482,136.78)
Changes in fair values of other non-current financial assets	(777,563,793.03)	(194,390,948.26)	(739,858,942.66)	(184,964,735.67)
Difference between tax policies and that under accounting policies for service zone lease income	(22,684,550.64)	(5,671,137.66)	(20,370,000.59)	(5,092,500.15)
Sub-total	(2,811,602,178.04)	(702,900,544.51)	(1,836,481,910.80)	(459,120,477.70)
Amount offset	74,642,739.04	18,660,684.76	159,489,277.13	39,872,319.28
Balance after offsetting	<u>(2,736,959,439.00)</u>	<u>(684,239,859.75)</u>	<u>(1,676,992,633.67)</u>	<u>(419,248,158.42)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

(2) Details of unrecognised deferred tax assets

Item	30 June 2022	31 December 2021
Deductible tax losses	649,840,329.64	500,540,799.49
Total	649,840,329.64	500,540,799.49

(3) Expiration of deductible tax losses for unrecognised deferred tax assets

Year	30 June 2022	31 December 2021
2023	20,333,192.00	20,333,192.00
2024	44,120,844.72	44,120,844.72
2025	53,341,130.00	53,341,130.00
2026	382,745,632.77	382,745,632.77
2027	149,299,530.15	–
Total	649,840,329.64	500,540,799.49

18. Other non-current assets

Item	30 June 2022			31 December 2021		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Prepayments for land and use right certificate fee	-	-	-	9,713,630.00	-	9,713,630.00
Prepayment for purchase long-term assets	-	-	-	2,230,170.00	-	2,230,170.00
Prepayments for construction	-	-	-	1,716,812.54	-	1,716,812.54
Deductible Input tax	14,815,129.93	-	14,815,129.93	449,207,283.07	-	449,207,283.07
Total	14,815,129.93	-	14,815,129.93	462,867,895.61	-	462,867,895.61

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Short-term loans

(1) Short-term loans by category:

Category	30 June 2022	31 December 2021
Guaranteed loans	154,700,000.00	376,432,195.20
Credit loans	1,280,508,553.26	700,713,013.89
Total	<u>1,435,208,553.26</u>	<u>1,077,145,209.09</u>

(2) Past due short-term loans:

There are no short-term loans overdue but not yet repaid (31 December 2021:none).

20. Bills payable

Item	30 June 2022	31 December 2021
Bank acceptance bills	211,200,000.00	100,300,000.00
Total	<u>211,200,000.00</u>	<u>100,300,000.00</u>

As at 30 June 2022, there are no bills payable due but unpaid (31 December 2021: none). The bills above are all due within one year.

21. Accounts payable

(1) Details of accounts payable are as follows:

Item	30 June 2022	31 December 2021
Amounts due to related party	289,126,803.36	265,513,545.74
Amounts due to third party	1,750,495,839.56	2,063,384,483.18
Total	<u>2,039,622,642.92</u>	<u>2,328,898,028.92</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Accounts payable (Continued)

(2) Significant accounts payable with ageing of more than one year

Item	Balance at the end of the period	Reasons why not settled
Construction payable	58,570,003.82	Long settlement procedure of the project
Construction payable for real estate project	171,319,223.80	Long settlement procedure of the real estate project
	229,889,227.62	
Total	229,889,227.62	

22. Advance payments received

(1) Details of advance payments received are as follows:

Item	30 June 2022	31 December 2021
Rental deposit received in advance	15,258,946.70	15,782,473.92
Total	15,258,946.70	15,782,473.92

At the end of 30 June 2022, the Group has no significant advance payment with ageing of more than one year (31 December 2021: none).

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Contract liabilities

Item	30 June 2022	31 December 2021
Advances from sales of property received	<u>268,457,782.69</u>	<u>427,561,162.30</u>
Total	<u>268,457,782.69</u>	<u>427,561,162.30</u>

Contract liabilities primarily relate to the Group's advances from real estate sales contracts of the Group's customers. The advanced payment is collected when the contract is signed. The revenue related to the contracts will be recognised until the Group satisfies its performance obligation.

24. Employee benefits payable

(1) Employee benefits payable:

	Balance at the beginning of the period	Accrued during the current period	Decreased during the current period	Balance at 30 June 2022
Short-term employee benefits	3,014,675.45	439,654,694.38	438,851,414.00	3,817,955.83
Post-employment benefits – defined contribution plans	–	<u>85,168,290.26</u>	<u>85,168,290.26</u>	–
Total	<u>3,014,675.45</u>	<u>524,822,984.64</u>	<u>524,019,704.26</u>	<u>3,817,955.83</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Employee benefits payable (Continued)

(2) Short-term employee benefits

	Balance at the beginning of the period	Accrued during the current period	Decreased during the current period	Balance at 30 June 2022
Salaries, bonuses, allowances	–	333,455,030.43	333,373,579.84	81,450.59
Staff welfare	–	3,002,246.84	3,002,246.84	–
Social insurance	–	34,388,379.47	34,388,379.47	–
– Medical insurance	–	29,986,102.93	29,986,102.93	–
– Work-related injury insurance	–	1,774,054.88	1,774,054.88	–
– Maternity insurance	–	2,628,221.66	2,628,221.66	–
Housing fund	–	39,438,484.00	39,438,484.00	–
Labour union fee, staff and workers' education fee	3,014,675.45	8,316,270.21	7,594,440.42	3,736,505.24
Non-monetary benefits	–	21,054,283.43	21,054,283.43	–
Total	<u>3,014,675.45</u>	<u>439,654,694.38</u>	<u>438,851,414.00</u>	<u>3,817,955.83</u>

For the current year, the Group provided employee with non-monetary benefits of RMB21,054,283.43(2021: RMB19,323,482.24), which represents purchased non-monetary welfare goods and holiday gifts that distributed to employees etc. The calculation basis is the actual purchasing cost.

(3) Post-employment benefits – defined contribution plans

	Balance at the beginning of the period	Accrued during the current period	Decreased during the current period	Balance at 30 June 2022
Basic pension insurance	–	54,100,211.82	54,100,211.82	–
Unemployment insurance	–	1,736,718.44	1,736,718.44	–
Annuity	–	29,331,360.00	29,331,360.00	–
Total	–	<u>85,168,290.26</u>	<u>85,168,290.26</u>	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Taxes Payable

Item	30 June 2022	31 December 2021
Corporate income tax	92,650,606.55	105,162,778.38
Land appreciation tax	214,094,903.85	263,677,301.02
Value-added tax	41,241,328.74	30,329,128.54
Property tax	934,798.43	5,329,020.49
Individual income tax	84,432.29	3,173,642.69
Urban maintenance and construction tax	1,658,559.46	1,842,820.66
Others	3,112,463.04	4,108,140.54
Total	<u>353,777,092.36</u>	<u>413,622,832.32</u>

26. Other payables

	Note	30 June 2022	31 December 2021
Dividends payable	(1)	2,412,426,429.25	95,543,399.25
Others	(2)	185,735,369.71	157,466,505.80
Total		<u>2,598,161,798.96</u>	<u>253,009,905.05</u>

(1) Dividends payable

Item	30 June 2022	31 December 2021
Dividends for ordinary shares	<u>2,412,426,429.25</u>	<u>95,543,399.25</u>

As of 30 June 2022, the balance of dividends payable aged more than one year is RMB95,062,579.25 (31 December 2021: RMB90,179,473.71), which is the dividends that has not been collected by the investor.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Other payables (Continued)

(2) Others

Details of others by nature are as follows:

Item	30 June 2022	31 December 2021
Lease deposit of service area	50,310,569.82	51,596,061.62
Performance and other security	42,899,477.57	41,743,121.49
Project quality deposit	36,077,335.33	24,611,493.71
House purchase bonus	3,764,034.07	3,279,848.07
Others	52,683,952.92	36,235,980.91
Total	185,735,369.71	157,466,505.80

As of 30 June 2022, no significant others payable aged more than one year (31 December 2021: none).

27. Non-current liabilities due within one year

Item	30 June 2022	31 December 2021
Long-term loans due within one year (Note V.29)	968,978,712.85	582,698,133.94
Bonds payable due within one year (Note V.30)	125,965,506.83	88,552,931.51
Lease liabilities due within 1 year (Note V.56)	3,255,763.67	6,792,205.16
Total	1,098,199,983.35	678,043,270.61

28. Other current liabilities

Item	30 June 2022	31 December 2021
Super short-term bonds payable	7,701,309,135.00	7,638,282,907.00
Output VAT to be transferred	20,471,252.54	33,682,690.07
Total	7,721,780,387.54	7,671,965,597.07

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Other current liabilities (Continued)

The movements of super short-term bonds payable:

Name of bond	Face value (RMB)	Issuance date	Maturity period (Days)	Issuance amount	Balance at the beginning of the current period	Issuance during the current period	Interest at face value	Repayment during the current period	Balance at 30 June 2022
Super short-term bonds payable									
21 Ninghu Gao SCP011	100.00	9 April 2021	270	500,000,000.00	510,451,505.00	-	237,536.10	510,689,041.10	-
21 Ninghu Gao SCP019	100.00	20 July 2021	177	500,000,000.00	505,616,438.00	-	445,205.84	506,061,643.84	-
21 Ninghu Gao SCP020	100.00	30 July 2021	165	500,000,000.00	504,997,259.00	-	427,398.53	505,424,657.53	-
21 Ninghu Gao SCP021	100.00	9 August 2021	157	500,000,000.00	504,714,522.00	-	425,614.99	505,140,136.99	-
21 Ninghu Gao SCP022	100.00	16 August 2021	178	500,000,000.00	504,504,109.00	-	1,347,945.79	505,852,054.79	-
21 Ninghu Gao SCP023	100.00	26 August 2021	176	400,000,000.00	403,201,095.00	-	1,235,069.38	404,436,164.38	-
21 Ninghu Gao SCP024	100.00	25 August 2021	176	500,000,000.00	504,120,547.00	-	1,545,206.42	505,665,753.42	-
21 Ninghu Gao SCP029	100.00	14 September 2021	171	1,000,000,000.00	1,006,598,357.00	-	3,849,040.26	1,010,447,397.26	-
21 Ninghu Gao SCP030	100.00	14 September 2021	177	730,000,000.00	734,816,800.00	-	3,077,400.00	737,894,200.00	-
21 Ninghu Gao SCP031	100.00	23 September 2021	154	870,000,000.00	875,545,357.00	-	3,080,752.59	878,626,109.59	-
21 Ninghu Gao SCP032	100.00	23 September 2021	154	130,000,000.00	130,828,617.00	-	460,341.90	131,288,958.90	-
21 Ninghu Gao SCP033	100.00	18 November 2021	120	300,000,000.00	300,830,548.00	-	1,585,890.36	302,416,438.36	-
21 Ninghu Gao SCP034	100.00	29 November 2021	120	500,000,000.00	501,019,178.00	-	2,926,027.48	503,945,205.48	-
21 Ninghu Gao SCP036	100.00	7 December 2021	128	650,000,000.00	651,038,575.00	-	4,500,493.49	655,539,068.49	-
21 Ninghu Gao SCP037	100.00	4 January 2022	115	1,000,000,000.00	-	1,000,000,000.00	7,404,109.59	1,007,404,109.59	-
22 Ninghu Gao SCP001	100.00	10 January 2022	122	500,000,000.00	-	500,000,000.00	3,927,397.26	503,927,397.26	-
22 Ninghu Gao SCP002	100.00	11 January 2022	122	500,000,000.00	-	500,000,000.00	3,927,397.26	503,927,397.26	-
22 Ninghu Gao SCP003	100.00	8 February 2022	122	500,000,000.00	-	500,000,000.00	3,843,835.62	503,843,835.62	-
22 Ninghu Gao SCP004	100.00	15 February 2022	122	900,000,000.00	-	900,000,000.00	6,557,917.81	906,557,917.81	-
22 Ninghu Gao SCP005	100.00	17 February 2022	120	500,000,000.00	-	500,000,000.00	3,583,561.64	503,583,561.64	-
22 Ninghu Gao SCP006	100.00	3 March 2022	120	500,000,000.00	-	500,000,000.00	3,369,863.01	503,369,863.01	-
22 Ninghu Gao SCP007	100.00	3 March 2022	120	500,000,000.00	-	500,000,000.00	3,369,863.01	503,369,863.01	-

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Other current liabilities (Continued)

Name of bond	Face value (RMB)	Issuance date	Maturity period (Days)	Issuance amount	Balance at the beginning of the current period	Issuance during the current period	Interest at face value	Repayment during the current period	Balance at 30 June 2022
22 Ninghu Gao SCP008	100.00	8 March 2022	122	530,000,000.00	-	530,000,000.00	3,423,220.00	-	533,423,220.00
22 Ninghu Gao SCP009	100.00	8 March 2022	94	200,000,000.00	-	200,000,000.00	1,050,739.73	201,050,739.73	-
22 Ninghu Gao SCP010	100.00	16 March 2022	121	500,000,000.00	-	500,000,000.00	2,990,136.00	-	502,990,136.00
22 Ninghu Gao SCP011	100.00	25 March 2022	119	300,000,000.00	-	300,000,000.00	1,635,124.00	-	301,635,124.00
22 Ninghu Gao SCP012	100.00	1 April 2022	126	400,000,000.00	-	400,000,000.00	1,857,589.00	-	401,857,589.00
22 Ninghu Gao SCP013	100.00	8 April 2022	119	400,000,000.00	-	400,000,000.00	1,715,068.00	-	401,715,068.00
22 Ninghu Gao SCP014	100.00	22 April 2022	119	250,000,000.00	-	250,000,000.00	983,562.00	-	250,983,562.00
22 Ninghu Gao SCP015	100.00	22 April 2022	119	200,000,000.00	-	200,000,000.00	816,438.00	-	200,816,438.00
22 Ninghu Gao SCP016	100.00	27 April 2022	121	400,000,000.00	-	400,000,000.00	1,402,739.00	-	401,402,739.00
22 Ninghu Gao SCP017	100.00	7 May 2022	111	400,000,000.00	-	400,000,000.00	1,205,479.00	-	401,205,479.00
22 Ninghu Gao SCP018	100.00	10 May 2022	122	400,000,000.00	-	400,000,000.00	1,139,726.00	-	401,139,726.00
22 Ninghu Gao SCP019	100.00	11 May 2022	121	400,000,000.00	-	400,000,000.00	1,117,808.00	-	401,117,808.00
22 Ninghu Gao SCP020	100.00	2 June 2022	90	400,000,000.00	-	400,000,000.00	619,726.00	-	400,619,726.00
22 Ninghu Gao SCP021	100.00	4 June 2022	95	400,000,000.00	-	400,000,000.00	539,726.00	-	400,539,726.00
22 Ninghu Gao SCP022	100.00	5 June 2022	94	400,000,000.00	-	400,000,000.00	512,877.00	-	400,512,877.00
22 Ninghu Gao SCP023	100.00	15 June 2022	93	900,000,000.00	-	900,000,000.00	789,041.00	-	900,789,041.00
22 Ninghu Gao SCP024	100.00	15 June 2022	93	400,000,000.00	-	400,000,000.00	347,178.00	-	400,347,178.00
22 Ninghu Gao SCP025	100.00	27 June 2022	88	500,000,000.00	-	500,000,000.00	106,849.00	-	500,106,849.00
22 Ninghu Gao SCP026	100.00	27 June 2022	88	500,000,000.00	-	500,000,000.00	106,849.00	-	500,106,849.00
Total				20,360,000,000.00	7,638,282,907.00	12,780,000,000.00	83,487,743.06	12,800,461,515.06	7,701,309,135.00

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Long-term loans

(1) Long-term loans by category

Item	30 June 2022	31 December 2021
Pledged loans	6,952,822,556.08	7,714,583,334.59
Guaranteed loans	10,808,352.18	11,057,550.18
Unsecured loans	5,259,423,127.26	5,885,799,790.21
Less: Long-term loans due within one year (Note V.27)	<u>968,978,712.85</u>	<u>582,698,133.94</u>
Total	<u><u>11,254,075,322.67</u></u>	<u><u>13,028,697,541.04</u></u>

As of 30 June 2022, Long-term loans mainly include:

- (1) Pledged loans mainly include loans obtained by the Group's subsidiaries from China Development Bank with a total principal of RMB755,500,000.00 and an interest of RMB858,244.44; obtained loans from Bank of Communications with a total principal of RMB1,010,996,667.00 and an interest of RMB1,166,776.08; obtained loans from Industrial and Commercial Bank of China with a total principal of RMB1,804,000,000.00 and an interest of RMB2,050,251.38; obtained loans from China Construction Bank with a total principal of RMB1,560,500,000.00 and an interest of RMB1,803,244.45; obtained loans from Agricultural Bank of China with a total principal of RMB371,000,000.00 and an interest of RMB428,711.14; obtained loans from Post Office Saving Bank of China with a total principal of RMB1,442,910,000.00 and an interest of RMB1,608,661.59. The principal of long-term loans due within one year is RMB255,954,000.00 and the interest payable due within one year is RMB7,915,889.08. The maturity date of the remaining Pledged loans is from March 21, 2024 to April 2, 2042. Please refer to Note V. 53 "Assets with restrictive ownership title or right of use" for the details of the pledged items of the above pledged loans at the end of 30 June 2022.
- (2) Guaranteed loans mainly include a long-term loan obtained by the Group from Spanish government with a total principal of USD1,610,446.73, which is equivalent to RMB10,808,352.18 at the end of the year. The principal of long-term loans due within one year is USD247,761.02, and the maturity date of the rest is July 10, 2028.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Long-term loans (Continued)

(1) Long-term loans by category (Continued)

- (3) Unsecured loans mainly include loans obtained by the Group from Jiangsu Communications Holding Company Limited with a total principal of RMB2,700,000,000.00 and an interest of RMB63,703,410.09; obtained loans from China Development Bank with a total principal of RMB1,000,000.00 and an interest of RMB1,155.56; obtained loans from Bank of Communications with a total principal of RMB413,875,000.00 and an interest of RMB475,192.78; obtained loans from Shanghai Pudong Development Bank with a total principal of RMB481,600,000.00 and an interest of RMB549,826.67; obtained loans from China Merchants Bank with a total principal of RMB1,192,000,001.00 and an interest of RMB1,374,145.60; obtained loans from China Construction Bank with a total principal of RMB101,000,000.00 and an interest of RMB106,611.12; obtained loans from Agricultural Bank of China with a total principal of RMB303,400,000.00 and an interest of RMB337,784.44. The principal of long-term loans due within one year is RMB635,493,750.00 and the interest payable due within one year is RMB67,952,250.46. The maturity date of the remaining unsecured loans is from May 20, 2027 to June 7, 2046.

As of 30 June 2022, the annual interest rate of Pledged loans is 3.68% – 4.16%, the annual interest rate of Guaranteed loans is 2%, and the annual interest rate range of unsecured loans is 3.96% – 4.16%.

30. Debentures payable

(1) Debentures payable

Item	30 June 2022	31 December 2021
Medium term notes	4,075,235,101.90	4,034,682,999.51
Corporate bonds	2,828,328,175.14	1,831,288,891.86
Less: Debentures payable due within one year	125,965,506.83	88,552,931.51
Total	<u>6,777,597,770.21</u>	<u>5,777,418,959.86</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Debentures payable (Continued)

(2) Movements of debentures

Debentures Name	Face Value	Issuance date	Debentures		Issuance amount	Balance at the beginning of the period	Issuance during the current period	Interest at face value	Premium and according to face value	Repayment during the current period	Balance at 30 June 2022	Debentures payable due within one year
			Maturity period	Interest rate								
20 Ninghu Gao MTN001	100.00	21 August 2020	5 years	3.98%	2,000,000,000.00	2,016,693,630.24	-	39,472,876.72	1,568,373.87	-	2,057,734,880.83	68,477,808.23
21 Ninghu Gao MTN001	100.00	15 June 2021	3 years	3.45%	1,000,000,000.00	1,016,238,687.24	-	17,108,219.16	479,978.60	34,500,000.00	999,326,885.00	1,323,287.67
21 Ninghu Gao MTN002	100.00	25 October 2021	3 years	3.30%	500,000,000.00	501,570,961.18	-	8,182,191.76	239,686.64	-	509,992,839.58	11,165,753.40
21 Ninghu Gao MTN003	100.00	22 November 2021	3 years	3.13%	500,000,000.00	500,179,720.85	-	7,760,684.93	240,090.71	-	508,180,496.49	9,390,000.00
21 Ninghu G1	100.00	2 February 2021	3+2 years	3.70%	1,000,000,000.00	1,031,076,705.70	-	15,884,054.80	188,791.70	37,000,000.00	1,010,149,552.20	15,104,109.58
21 Ninghu G2	100.00	24 November 2021	3+2 years	3.08%	800,000,000.00	800,212,186.16	-	14,784,000.01	270,441.27	-	815,266,627.44	14,784,000.01
22 Ninghu G1	100.00	20 April 2022	3 years	2.90%	1,000,000,000.00	-	997,000,000.00	5,720,547.94	191,447.56	-	1,002,911,995.50	5,720,547.94
Total					6,800,000,000.00	5,865,971,891.37	997,000,000.00	108,912,575.32	3,178,810.35	71,500,000.00	6,903,563,277.04	125,965,506.83

31. Deferred income

Item	Balance at the beginning of the period	Additions during the current period	Reductions during the current period	Balance at 30 June 2022	Reason for deferral
Government grant	85,904,687.29	-	4,912,227.23	80,992,460.06	Construction grants of Ningchang Expressway and subsidy for removal of provincial boundary toll station
Other	13,595,265.73	-	-	13,595,265.73	others
Total	99,499,953.02	-	4,912,227.23	94,587,725.79	

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Deferred income (Continued)

Items relating to government grant

Item	Balance at the beginning of the period	Additions during the current period	Amounts recognised in other income during the current period	Other changes	Balance at 30 June 2022	Related to assets/income
Subsidy for construction of Ningchang Expressway (Note 1)	23,097,662.25	-	679,814.75	-	22,417,847.50	Related to asset
Subsidy for reconstruction of highway provincial boundary toll station (Note 2)	62,807,025.04	-	4,232,412.48	-	58,574,612.56	Related to asset
Total	85,904,687.29	-	4,912,227.23	-	80,992,460.06	

Note 1: "Subsidy for construction of Ningchang Expressway" is a project construction fund of RMB40,000,000.00 received by Jiangsu Ningchang Zhenli Expressway, which has been absorbed and merged by the Company in 2020, from the People's Government of Wujin District, Changzhou City for the construction of Ningchang expressway due to the extra cost of construction of Wujin Development Zone viaduct project. The Group recognizes the project construction subsidy as a compensation of the construction cost of Ningchang expressway which is recorded in deferred income.

Note 2: "Subsidy for reconstruction of highway provincial boundary toll station" received by Jiangsu Guangjing Xicheng Expressway Co., Ltd. ("Guangjing Xicheng"), a subsidiary of the Company, amounting to RMB86,689,640.00. The Group recognizes the project construction subsidy as a compensation of reconstruction of highway provincial boundary toll station which is recorded in deferred income.

32. Share capital

	Balance at the beginning of the period	Changes during the period (+/-)				Sub-total	Balance at the end of the period
		Issuance of new shares	Bonus shares	Transfer from reserves	Others		
Total shares	5,037,747,500.00	-	-	-	-	-	5,037,747,500.00

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Capital reserve

Item	Balance at the beginning of the period	Additions during the current period	Reductions during the current period	Balance at 30 June 2022
Share premium	4,794,508,338.00	-	-	4,794,508,338.00
Including: Capital contributed by investors	4,776,251,453.53	-	-	4,776,251,453.53
Differences arising from business combination involving enterprises under common control	18,256,884.47	-	-	18,256,884.47
Other capital reserves	5,708,417,265.25	-	-	5,708,417,265.25
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	5,653,832,002.49	-	-	5,653,832,002.49
Difference arising from merging associates	73,524,949.37	-	-	73,524,949.37
Total	<u>10,502,925,603.25</u>	<u>-</u>	<u>-</u>	<u>10,502,925,603.25</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Other comprehensive income

Item	Balance at the beginning of the period attributable to shareholders of the Company	Movements during the current period					Balance at 30 June 2022 attributable to shareholders of the Company
		Before-tax amount	Less: Previously recognized amount transferred to profit or loss	Less: Income tax expense	Net-of-tax amount attributable to shareholders of the Company	Net-of-tax amount attributable to non-controlling interests	
Items that will not be reclassified to profit or loss	931,335,600.50	993,731,340.17	-	252,853,241.96	740,878,098.21	1,053,000.00	1,672,213,698.71
Including: Other comprehensive income recognised under equity method (Note 1)	285,319,324.89	(17,681,627.67)	-	-	(17,681,627.67)	-	267,637,697.22
Changes in fair value of investments in other equity instruments (Note 2)	646,016,275.61	1,011,412,967.84	-	252,853,241.96	758,559,725.88	1,053,000.00	1,404,576,001.49
Total	931,335,600.50	993,731,340.17	-	252,853,241.96	740,878,098.21	1,053,000.00	1,672,213,698.71

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 associate Yangtze Bridge Company of the Group. The Group adjusts other comprehensive income according to the shareholding ratio.

Note 2: Other investments in equity instruments 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.

35. Specific reserve

Item	Balance at the beginning of the period	Additions during the current period	Reductions during the current period	Balance at 30 June 2022
General risk reserve	6,505,092.88	842,107.79	-	7,347,200.67

Increase in general risk reserve for the year represents the provision of risk reserve by Ninghu Factoring Company, a subsidiary of the Company, 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 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Surplus reserve

Item	Balance at the beginning of the period	Additions during the current period	Reductions during the current period	Balance at 30 June 2022
Statutory surplus reserve	3,447,837,814.81	-	-	3,447,837,814.81
Discretionary surplus reserve	384,524,313.73	-	-	384,524,313.73
Total	<u>3,832,362,128.54</u>	<u>-</u>	<u>-</u>	<u>3,832,362,128.54</u>

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.

37. Retained earnings

Item	Note	30 June 2022	31 December 2021
Retained earnings at the beginning of the period (after adjustment)		9,919,407,826.11	8,208,531,658.34
Add: Net profits for the year attributable to shareholders of the Company		1,748,339,678.13	4,178,794,496.71
Transfer of other comprehensive income to retained earnings		-	34,419,723.22
Less: Appropriation for statutory surplus reserve		-	116,303,446.71
Appropriation for discretionary surplus reserve		-	65,653,376.28
Appropriation for general risk reserve		842,107.79	3,017,379.17
Dividends to ordinary shares	(1)	<u>2,317,363,850.00</u>	<u>2,317,363,850.00</u>
Retained earnings at 30 June 2022		<u>9,349,541,546.45</u>	<u>9,919,407,826.11</u>

(1) Dividends to ordinary shares

According to the proposal of the Board of Directors of the Company on March 25, 2022, a cash dividend of RMB0.46 per share is proposed to be distributed to all shareholders on the basis of 5,037,747,500 shares (par value of RMB1.00 per share) in issue for the year 2021. The above dividend distribution plan has been approved by the shareholders’ general meeting.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Operating income and operating costs

(1) Operating income and operating costs

Item	For the six-month period ended 30 June 2022		For the six-month period ended 30 June 2021	
	Income	Cost	Income	Cost
Principal activities	4,206,956,387.55	2,395,740,804.90	4,753,367,653.60	2,093,083,480.90
Other operating activities	346,670,797.55	240,356,850.06	308,397,058.40	127,017,588.61
Total	4,553,627,185.10	2,636,097,654.96	5,061,764,712.00	2,220,101,069.51

(2) Disaggregation of revenue from contracts with customers

Type of contract	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
By timing of transferring goods or services		
Revenue recognized at a point in time	3,993,919,971.91	4,839,139,288.10
Revenue recognized over time	498,325,313.54	102,374,531.90
Total	4,492,245,285.45	4,941,513,820.00

(3) Information related to transaction price allocated to the remaining performance obligations

At the end of the period of this report, the amount of income corresponding to the performance obligation which have been signed but have not been performed or have not been completed is RMB268,457,782.73, which refers to the transaction price of the real estate sales contract that has not met the agreed delivery conditions and the expected future income of the construction contract. RMB268,457,782.73 of the total is expected to be recognized in 2022–2023.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Taxes and surcharges

Item	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
Land appreciation tax	27,280,220.70	41,677,205.45
City maintenance and construction tax	7,583,892.73	10,226,755.87
Education surcharges	5,466,820.32	7,417,828.63
Property tax	1,775,418.30	1,877,944.78
Land use tax	1,406,427.76	1,065,042.86
Others	2,327,184.61	1,001,717.39
Total	<u>45,839,964.42</u>	<u>63,266,494.98</u>

40. Selling and distribution expenses

Item	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
Commission fee for agent of real estate sales	3,412,258.20	6,659,861.49
Advertisement and promotion fee	1,143,152.66	2,595,311.95
Production and planning fee	205,211.43	916,779.27
Depreciation	830.10	1,106,331.15
Others	1,332,261.96	1,759,809.12
Total	<u>6,093,714.35</u>	<u>13,038,092.98</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. General and administrative expenses

Item	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
Salaries and additional remuneration	37,603,491.68	29,664,145.19
Depreciation and amortisation	36,306,884.73	38,561,596.12
Consulting and intermediary service fee	8,090,311.03	2,866,046.27
Labor protection fee	188,132.72	60,429.34
Maintenance and repair fee	1,190,311.55	137,487.03
Publicity fee related to the Party building	236,927.34	44,926.11
Vehicle related expenses	381,313.04	699,492.92
Office expenses	351,879.31	221,740.49
Travelling expenses	191,946.53	341,591.84
Others	4,769,662.26	1,247,516.64
Total	89,310,860.19	73,844,971.95

42. Financial expenses

Item	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
Interest expenses from loans and payables	484,464,918.65	448,519,524.82
Interest expenses from lease liabilities	236,663.02	106,693.79
Less: Borrowing costs capitalised	1,117,952.24	151,880,494.59
Interest income from deposits and receivables	6,143,809.28	6,406,363.96
Net exchange losses/gains	510,767.85	(117,134.14)
Bond issuance fee and commission charges for other loans	3,304,735.62	3,210,975.45
Other financial expenses	196,189.78	525,193.60
Total	481,451,513.40	293,958,394.97

The interest rate per annum, at which the borrowing costs were capitalised by the Group, was 3.65% – 4.16% (2021: 3.85% – 4.16%) for the year.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Other income

Item	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
Government grants	<u>11,802,291.35</u>	<u>12,115,336.70</u>
Total	<u><u>11,802,291.35</u></u>	<u><u>12,115,336.70</u></u>

44. Investment income

Item	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
Investment income from long-term equity investments accounted for using the equity method	312,696,972.16	444,133,821.59
Investment income from financial assets held for trading during the holding period	2,316,473.94	209,977.34
Investment income from disposal of financial assets held for trading	84,746,566.29	11,400,341.85
Investment income from other non-current financial assets during the holding period	7,920,000.00	48,704,755.55
Investment income from other equity instruments during the holding period	<u>390,099,920.00</u>	<u>207,818,000.00</u>
Total	<u><u>797,779,932.39</u></u>	<u><u>712,266,896.33</u></u>

45. Gains from changes in fair value

Item	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
Financial assets held for trading	(2,599,844.00)	3,211,196.55
Other non-current financial assets	<u>37,704,850.37</u>	<u>310,796,128.71</u>
Total	<u><u>35,105,006.37</u></u>	<u><u>314,007,325.26</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. Gain/(Loss) from asset disposals

Item	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
Gains from disposal of fixed assets	<u>29,346,091.26</u>	<u>(2,033.85)</u>

47. Non-operating income and non-operating expenses

(1) Non-operating income by item is as follows:

Item	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021	Amount recognised in extraordinary gain and loss in the current period
Income from highway property compensation	3,402,800.00	2,250,700.00	3,402,800.00
Others	<u>1,945,167.82</u>	<u>5,558,664.22</u>	<u>1,945,167.82</u>
Total	<u>5,347,967.82</u>	<u>7,809,364.22</u>	<u>5,347,967.82</u>

(2) Non-operating expenses

Item	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021	Amount recognised in extraordinary gain and loss in the current period
Losses on retirement of fixed assets	4,557.22	369,359.20	4,557.22
Expenditure for repair of damaged highway property	8,861,124.74	5,771,578.38	8,861,124.74
Non-profit donations	559,450.79	400,000.00	559,450.79
Others	<u>300,535.65</u>	<u>1,574,530.51</u>	<u>300,535.65</u>
Total	<u>9,725,668.40</u>	<u>8,115,468.09</u>	<u>9,725,668.40</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Income tax expenses

(1) Income tax expenses:

Item	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
Current tax expense for the year based on tax law and regulations	436,714,246.66	658,361,503.67
Changes in deferred tax	9,443,441.14	76,398,338.32
Tax filing differences for prior year	(966,902.58)	(366,940.12)
Total	<u>445,190,785.22</u>	<u>734,392,901.87</u>

Ninghu International Company, a Hong Kong subsidiary of the Group, has no taxable income in 2022 (2021: none), therefore, there is no provision for Hong Kong Profits tax.

(2) The analysis of changes in deferred tax is set out below:

Item	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
Origination and reversal of temporary differences	<u>9,443,441.14</u>	<u>76,398,338.32</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Income tax expenses (Continued)

(3) Reconciliation between income tax expenses and accounting profit:

Item	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
Profits before taxation	2,164,489,098.57	3,435,637,108.18
Expected income tax expenses at tax rate of 25%	541,122,274.64	858,909,277.05
Tax filing differences for prior year	(966,902.58)	(366,940.12)
Effect of non-taxable income	(190,335,112.28)	(175,164,144.29)
Effect of non-deductible costs, expense and losses	58,045,642.90	21,625,706.89
Effect of using the deductible losses for which no deferred tax asset was recognised in previous periods	—	—
Effect of deductible temporary differences or deductible losses for which no deferred tax asset was recognised this year	37,324,882.54	29,389,002.34
Income tax expenses	<u>445,190,785.22</u>	<u>734,392,901.87</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. Basic earnings per share and diluted earnings per share

(1) Basic earnings per share

Basic earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
Consolidated net profit attributable to ordinary shareholders of the Company	1,748,339,678.13	2,679,329,242.91
Weighted average number of ordinary shares outstanding	5,037,747,500.00	5,037,747,500.00
Basic earnings per share (RMB/share)	<u>0.3470</u>	<u>0.5319</u>

Weighted average number of ordinary shares is calculated as follows:

	30 June 2022	31 December 2021
Issued ordinary shares at the beginning of the year	5,037,747,500.00	5,037,747,500.00
Weighted average number of ordinary shares at the end of the period	<u>5,037,747,500.00</u>	<u>5,037,747,500.00</u>

(2) Diluted earnings per share

There are no dilutive underlying common shares in the Company during the reporting period and diluted earnings per share are the same as basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50. Supplementary information on income statement

Item	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
Employee benefits expenses	524,822,984.64	478,301,217.47
Depreciation and amortisation expenses	844,997,078.13	938,411,076.99
Toll related expenses	69,282,647.97	68,194,359.23
Road maintenance expenses	243,723,517.25	209,064,763.46
System maintenance expenses	8,592,409.06	8,982,235.03
Real estate development land and construction cost	203,395,286.20	89,306,984.48
Petroleum in the service zone	362,414,086.84	469,072,174.35
Catering cost in the service zone	550,842.01	2,622,942.23
Construction services expenses	425,821,793.86	–
Consulting and intermediary fees	8,090,311.03	2,866,046.27
House sales agent commission	3,412,258.20	6,659,861.49
Advertising expenses	1,807,755.03	3,519,778.26
Others	34,591,259.28	29,982,695.18
	2,731,502,229.50	2,306,984,134.44

51. Cash flow statement

(1) Proceeds relating to other operating activities

Item	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
Changes in restricted cash and bank balances	27,483.26	7,997,670.99
Receipts from government grants and non- operating income etc.	60,196,377.41	71,507,027.08
Receipts from interest income of bank deposit	6,143,809.28	6,406,363.96
Recovery from financial factoring business	416,076,241.16	340,282,635.04
	482,443,911.11	426,193,697.07

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. Cash flow statement (Continued)

(2) Payments relating to other operating activities

Item	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
Payment of non-salary and other expenditure	103,514,913.51	104,890,707.35
Expenses on financial factoring business	488,343,220.12	504,211,538.00
Total	591,858,133.63	609,102,245.35

(3) Payments relating to other financing activities

Item	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
Bond issue fee and other charges of loans	—	11,961,277.33

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

52. Supplementary information on cash flow statement

(1) Supplement to cash flow statement

a. Reconciliation of net profit to cash flows from operating activities:

Supplementary information	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	1,719,298,313.35	2,701,244,206.31
Add: Depreciation of fixed assets	146,963,613.56	146,451,147.48
Depreciation of ROU assets	3,543,509.28	4,077,915.53
Amortisation of intangible assets	691,473,368.65	791,621,821.49
Amortisation of long-term deferred expenses	1,215,104.52	1,181,591.36
Amortisation of deferred income	(4,912,227.23)	(5,372,799.75)
Amortisation of investment properties	1,801,482.12	451,400.88
Losses from disposal of fixed assets, intangible assets, and other long-term assets ("-" for gains)	(29,346,091.26)	2,033.85
Gains from changes in fair value	(35,105,006.37)	(314,007,325.26)
Financial expenses	487,399,132.90	299,845,577.07
Gains arising from investments	(797,779,932.39)	(712,266,896.33)
Decrease in deferred tax assets	88,552.01	46,666,070.39
Increase in deferred tax liabilities	9,354,889.11	77,443,728.20
Decrease in gross inventories	136,546,757.29	(76,099,804.71)
Decrease in operating receivables	16,635,452.63	1,619,461.03
Decrease in operating payables	(178,375,386.00)	(371,266,459.60)
Others	27,483.26	7,997,670.99
Net cash from operating activities	2,168,829,015.43	2,599,589,338.93
2. Net Changes in cash and cash equivalents:		
Cash at the end of the period	587,089,722.55	493,864,848.07
Less: Cash at the beginning of the year	489,796,813.01	350,989,093.35
Net increase in cash and cash equivalents	97,292,909.54	142,875,754.72

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

52. Supplementary information on cash flow statement (Continued)

(2) Details of cash and cash equivalents

Item	30 June 2022	31 December 2021
Cash and cash equivalents	587,089,722.55	489,796,813.01
Including: Cash on hand	79,430.85	130,003.71
Bank deposits available on demand	586,129,837.80	486,778,096.64
Other monetary funds available on demand	880,453.90	2,888,712.66
Closing balance of cash and cash equivalents	587,089,722.55	489,796,813.01

53. Assets with restrictive ownership title or right of use

Item	Balance at the beginning of the period	Balance at 30 June 2022	Reason for restriction
Cash at bank and on hand (Note V.1)	6,330,523.05	6,303,039.79	Customer mortgage margin, pre-sale regulatory funds and bill margin
Intangible assets (Note V.15)	21,138,518,326.21	21,382,019,223.20	Pledge of toll road rights
Total	21,144,848,849.26	21,388,322,262.99	

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

54. Government grants

Details of government grants

Item	Amount	Presentation item	Amount recognised in profit or loss for the current period
Additional deduction of VAT	5,419,481.87	Other income	5,419,481.87
Subsidy for reconstruction of highway provincial boundary toll station	4,232,412.48	Deferred income	4,232,412.48
Subsidy for construction of Ningchang Expressway	679,814.75	Deferred income	679,814.75
Post allowance	206,296.01	Other income	206,296.01
Others	<u>1,264,286.24</u>	Other income	<u>1,264,286.24</u>
Total	<u><u>11,802,291.35</u></u>		<u><u>11,802,291.35</u></u>

55. Right of use assets

Item	Plant & Buildings
Cost	
Balance at the beginning of the period	31,400,127.19
Additions during the current period	–
Decrease during the current period	–
Balance at 30 June 2022	<u>31,400,127.19</u>
Accumulated depreciation	
Balance at the beginning of the period	14,751,648.54
Charge for the current period	3,543,509.28
Reductions during the current period	–
Balance at 30 June 2022	<u>18,295,157.82</u>
Provision for impairment	
Balance at the beginning of the period	–
Balance at 30 June 2022	<u>–</u>
Carrying amounts	
At the 30 June 2022	13,104,969.37
At the beginning of the period	<u><u>16,648,478.65</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56. Lease liabilities

Item	Note	30 June 2022	31 December 2021
Long-term lease liabilities		10,875,400.33	14,712,175.09
Less: lease liabilities due within one year	V.27	3,255,763.67	6,792,205.16
Total		7,619,636.66	7,919,969.93

57. Foreign currency monetary items

Item	30 June 2022 (foreign currency)	Exchange rate	30 June 2022 (equivalent to RMB)
Cash at bank and on hand			770,317.64
Including: HKD	840,196.75	0.8551	718,481.36
USD	7,723.62	6.7114	51,836.28
Long-term loans			10,808,352.18
Including: USD	1,610,446.73	6.7114	10,808,352.18

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

VI. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Group

Name of the Subsidiary	Principal place of business	Registration place	Business nature	Shareholding (or similar equity interest) percentage		Acquisition method
				Direct	Indirect	
Jiangsu Ninghu Investment Development Co., Ltd. ("Ninghu Investment Company")	Nanjing	Nanjing	Investment and service	100.00	-	Set-up
Jiangsu Ninghu Properties Co., Ltd. ("Ninghu Properties Company")	Nanjing, Zhenjiang	Nanjing	Real estate	100.00	-	Set-up
Nanjing Hanwei Property Development Company Limited ("Hanwei Company")	Nanjing	Nanjing	Real estate	100.00	-	Business combination not under common control
Jiangsu Yangtze Commerce and Energy Co., Ltd. ("Yangtze Commerce and Energy Company")	Nanjing	Nanjing	Operation of service zone	100.00	-	Set-up
Jiangsu Yangtze River Expressway Management Co., Ltd. ("Yangtze River Management")	Wuxi	Nanjing	Construction and operation of expressway	100.00	-	Set-up
Ninghu International Company	Hong Kong	Hong Kong	Investment	100.00	-	Set-up
Jiangsu Guangjing Xicheng Expressway Company Limited ("Guangjing Xicheng Company")	Wuxi	Nanjing	Construction and operation of expressway	85.00	-	Set-up
Jiangsu Zhendan Expressway Co., Ltd. ("Zhendan Company")	Zhenjiang	Nanjing	Construction and operation of expressway	70.00	-	Set-up
Jiangsu Wufengshan Bridge Co., Ltd. ("Wufengshan Bridge")	Zhenjiang, Yangzhou	Zhenjiang	Construction and operation of expressway	64.50	-	Set-up
Jiangsu Longtan Bridge Co., Ltd. ("Longtan Bridge")	Nanjing	Nanjing	Construction and operation of expressway	53.60	-	Set-up
Ninghu Properties (Kunshan) Co., Ltd. ("Kunshan Properties")	Kunshan	Kunshan	Real estate	-	100.00	Set-up
Ninghu Properties (Suzhou) Co., Ltd. ("Suzhou Properties")	Suzhou	Suzhou	Real estate	-	100.00	Set-up
Ninghu Commercial Factoring (Guangzhou) Co., Ltd. ("Ninghu Factoring Company")	Guangzhou	Guangzhou	Business services	-	100.00	Set-up
Kunshan Fengyuan	Kunshan	Kunshan	Real estate	-	100.00	Set-up
Jiangsu Tongcheng Times Property Management Co., Ltd. ("Tongcheng Property Management")	Kunshan	Kunshan	Property Management	-	100.00	Set-up
Wuxi Jingcheng Advertising Co., Ltd. ("Jiangcheng Advertising")	Wuxi	Wuxi	Service	-	100.00	Set-up
Jiangsu Yichang Expressway Company Limited ("Yichang Company")	Yixing, Changxing	Yixing	Construction and operation of expressway	-	60.00	Set-up
Jiangsu Changyi Expressway Company Limited ("Changyi Company")	Changzhou, Yixing	Wuxi	Construction and operation of expressway	-	60.00	Set-up
				-	60.00	

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(2) Material non-wholly owned subsidiaries

Name of the Subsidiary	Proportion of ownership interest held by non-controlling interests	Profit or loss allocated to non-controlling interests during the period	Dividend declared to non-controlling shareholders during the period	Balance of non-controlling interests at the end of the period
Guangjing Xicheng Company	15.00%	42,767,591.67	–	1,026,111,060.02
Zhendan Company	30.00%	(5,385,896.35)	–	129,359,120.38
Wufengshan Bridge	35.50%	(33,468,459.04)	–	1,635,740,291.89
Changyi Company	40.00%	(17,610,976.69)	–	556,745,917.33
Yichang Company	40.00%	(15,711,843.87)	–	592,445,424.53
Longtan Company	46.40%	368,219.50	–	1,161,219,055.24

(3) Key financial information about material non-wholly owned subsidiaries

Significant financial information	Guangjing Xicheng Company		Zhendan Company		Wufengshan Bridge		Changyi Company		Yichang Company		Longtan Company	
	30 June 2022 For the six-month period ended 30 June 2022	31 December 2021 For the six-month period ended 30 June 2021	30 June 2022 For the six-month period ended 30 June 2022	31 December 2021 For the six-month period ended 30 June 2021	30 June 2022 For the six-month period ended 30 June 2022	31 December 2021 For the six-month period ended 30 June 2021	30 June 2022 For the six-month period ended 30 June 2022	31 December 2021 For the six-month period ended 30 June 2021	30 June 2022 For the six-month period ended 30 June 2022	31 December 2021 For the six-month period ended 30 June 2021	30 June 2022 For the six-month period ended 30 June 2022	31 December 2021 For the six-month period ended 30 June 2021
Current assets	527,013,518.00	170,304,084.76	17,877,868.37	13,741,305.97	463,845,850.10	115,952,336.09	73,418,523.48	52,925,721.98	65,301,382.96	45,812,192.63	9,462,298.23	234,670,389.49
Non-current assets	14,389,198,764.55	14,492,289,541.99	1,678,340,861.33	1,703,179,971.85	12,085,157,648.75	12,601,025,617.16	3,686,918,467.38	3,728,287,979.54	3,796,290,413.04	3,855,761,770.97	2,445,842,006.03	2,034,868,654.88
Total assets	14,916,212,282.55	14,682,593,626.75	1,696,218,729.70	1,716,921,277.82	12,549,003,498.85	12,716,977,953.25	3,760,336,990.86	3,780,613,701.52	3,861,591,796.00	3,901,573,963.60	2,456,304,304.26	2,269,539,044.37
Current Liabilities	2,504,791,543.68	2,157,368,353.35	1,265,031,661.79	1,267,781,222.08	540,052,581.89	549,026,456.05	327,792,032.47	290,472,551.41	613,107,149.72	591,029,707.65	86,481,605.89	100,509,922.53
Non-current liabilities	4,403,063,765.28	4,735,682,757.01	–	–	7,401,269,991.36	7,465,395,877.80	2,040,591,250.00	2,054,160,000.00	1,767,460,000.00	1,790,240,000.00	203,000,000.00	3,000,000.00
Total liabilities	6,907,855,308.96	6,913,051,110.36	1,265,031,661.79	1,267,781,222.08	7,941,322,573.25	8,014,422,333.85	2,368,383,282.47	2,344,632,551.41	2,380,567,149.72	2,381,269,707.65	289,481,605.89	103,509,922.53
Operating income	649,648,115.79	797,205,931.73	37,482,005.35	46,601,533.14	178,365,949.06	4,396.65	50,362,037.58	38,746,551.00	68,600,385.37	51,277,566.80	425,821,793.86	–
Net profit	285,117,277.76	429,183,766.48	(17,952,987.83)	(14,936,456.99)	(94,274,693.80)	(1,090,648.08)	(44,027,441.72)	(44,731,736.75)	(39,279,609.67)	(49,526,065.40)	793,576.53	234,153.81
Total comprehensive income	258,814,457.20	364,278,145.62	(17,952,987.83)	(14,936,456.99)	(94,274,693.80)	(1,090,648.08)	(44,027,441.72)	(44,731,736.75)	(39,279,609.67)	(49,526,065.40)	793,576.53	234,153.81
Cash flows from operating activities	411,687,558.37	519,980,416.46	30,821,994.15	25,446,598.64	602,757,142.02	2,582,427.55	89,398,340.38	36,237,397.36	83,643,710.33	45,549,150.42	43,935,558.99	(303,198.35)

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in associates

(1) Material associates:

Name of associates	Principal place of business	Registered place	Nature of business	Shareholding percentage		Accounting treatment of investments in associates	Registered capital	Strategic to the Group's activities
				Direct	Indirect			
Yangtze Bridge Company	Nanjing	Nanjing	Construction and operation of expressway	26.66	–	Equity method	RMB2,137,248,000	Yes
Suzhou Expressway Management	Suzhou	Suzhou	Construction and operation of expressway	23.86	–	Equity method	RMB2,543,392,900	Yes
Zijin Trust	Suzhou	Suzhou	Trust	20.00	–	Equity method	RMB3,271,075,500	Yes
Yanjiang Company	Suzhou	Suzhou	Construction and operation of expressway	–	25.15	Equity method	RMB3,976,453,357	Yes

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in associates (Continued)

(2) Key financial information of material 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.

Suzhou Expressway Management Company, an associate of the Company with 30.01% shareholding, increased its capital to invest in the construction of the Qidu to Taoyuan section of the Sutai Expressway project, and the Company did not participate in this capital increase. Suzhou Expressway Management Company has completed the business registration on January 13, 2022, and the registered capital after the capital increase is RMB2.543 billion, and the shareholding ratio of the Company has decreased to 23.86%.

(3) Summarised financial information of immaterial associates:

	30 June 2022/ For the six-month period ended 30 June 2022	31 December 2021/ For the six-month period ended 30 June 2021
Associates:		
Aggregate carrying amount of investments	1,227,979,076.32	1,208,109,574.70
Aggregate amount of share of		
– Net profit	32,369,501.66	84,888,877.67
– Other comprehensive income	–	–
– Total comprehensive income	32,369,501.66	84,888,877.67

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

VII. RISK RELATED TO FINANCIAL INSTRUMENTS

The Group has exposure to the following main risks from its use of financial instruments in the normal course of the Group's operations:

- Credit risk
- Liquidity risk
- Interest rate risk
- Other price risks

The Group aims to seek appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

1. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to cash at bank, bills receivable, accounts receivable, other receivables, factoring receivable disclosed in Notes V, 1, 3, 4, 6 and 8, and the guarantee contract amount related to real estate sales disclosed in Note X "Contingencies". Exposure to these credit risks are monitored by management on an ongoing basis.

The cash at bank of the Group is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet. Except for the financial guarantees given by the Group as set out in Note IX, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in Note IX.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country/region in which the customers operate. Therefore, significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at the balance sheet date, 78.88% (2021: 74.90%) of total accounts receivable and contract assets were due from the Group's five largest customers.

For details of accounts receivable, refer to Note V.4.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

VII. RISK RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

2. Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. The Company and its individual subsidiaries are responsible for their own cash management, including short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

3. Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure.

4. Other price risks

Other price risks include assets price risk and commodity price risk.

In order to avoid the risk of equity investment, the Group uses the stock capital to invest in some domestic listed companies with certain scale, competitive advantage and development potential through the securities market in accordance with the authorization of the board of directors of the Company. At the same time, the Group reasonably controls its investment scale and collectively studies on specific investment strategies based on the the stock market and the management of target enterprises. On the other hand, the Group divides stock investment into other equity instrument investment in strict accordance with national laws and regulations and in combination with the Group's investment arrangement, and carries out targeted tracking management. For the stock investment divided into other equity instruments, the Group pay attention to the operation and development of the target company, and understand the operation and management of the company through attending its shareholders' meeting.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

VIII. FAIR VALUE DISCLOSURE

The following table presents the fair value information and the fair value hierarchy, at the end of the current reporting period, of the Group's assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

1. Fair value of assets and liabilities measured at fair value at the end of the year

Item	Note	30 June 2022			Total
		Level 1 Fair value measurement	Level 2 Fair value measurement	Level 3 Fair value measurement	
Recurring fair value measurements					
Financial assets held for trading	V.2	33,735,146.12	4,313,250,215.00	-	4,346,985,361.12
Including: Fund investments		33,723,976.44	-	-	33,723,976.44
Stock investments		11,169.68	-	-	11,169.68
Financial products		-	4,313,250,215.00	-	4,313,250,215.00
Investments in other equity instruments	V.10	6,818,404,046.73	-	-	6,818,404,046.73
Other non-current financial assets	V.11	-	-	3,116,070,412.05	3,116,070,412.05
Including: Equity instruments		-	-	3,116,070,412.05	3,116,070,412.05
Total assets measured at fair value on a recurring basis		<u>6,852,139,192.85</u>	<u>4,313,250,215.00</u>	<u>3,116,070,412.05</u>	<u>14,281,459,819.90</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

VIII. FAIR VALUE DISCLOSURE (CONTINUED)

2. Basis of determining the market price for recurring and non-recurring fair value measurements categorised within Level 1

Items in Level 1 fair value measurement on a recurring basis include held-for-trading financial assets-fund investment and stock investment and part of other equity instruments, whose fair values are the prices of similar items quoted at active market at the end of the period.

3. Valuation techniques used and the qualitative and quantitative information of key parameters for recurring and non-recurring fair value measurements categorised within Level 2

The fair value of the held-for-trading financial assets – financial products are determined by discounted future cash flows based on expected yield rate.

4. Valuation techniques used and the qualitative and quantitative information of key parameters for recurring and non-recurring fair value measurements categorised within Level 3

Non-current financial assets in Level 3 fair value measurements on recurring basis mainly include private equity fund shares held by the group. The group adopts valuation technology for fair value measurement, which is mainly calculated and recognized by market method.

5. Reconciliation from the opening balances to the closing balances, and sensitivity analysis on unobservable inputs for items measured at recurring Level 3 fair value measurements

6. Current changes in valuation techniques and the reasons

During 2022, there were no changes in valuation techniques for the recurring and non-recurring fair value measurements.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Information about the parent of the Company

Company name	Registered place	Business nature	Registered capital	Shareholding percentage (%)	Percentage of voting rights (%)
Communication 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 Communication Holding.

2. Information about the subsidiaries of the Company

For information about the subsidiaries of the Company, refer to Note VI.1.

3. Information about joint ventures and associates of the Company

For information about the associates of the Company, refer to Note VI.2.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Information on other related parties

Name of other related parties	Related party relationship
Jiangsu Tongxingbao Smart Transportation Science & Technology Co., Ltd. (“Tongxingbao Company”)	Same ultimate shareholder
Jiangsu Freeway Petroleum Development Co., Ltd. (“Freeway Petroleum Company”)	Same ultimate shareholder
Jiangsu Sutong Bridge Co., Ltd. (“Sutong Bridge Company”)	Same ultimate shareholder
Jiangsu Taizhou Bridge Co., Ltd. (Taizhou Bridge 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
Jiangsu Xiandai Engineering Testing Co., Ltd. (Engineering Testing Company)	Same ultimate shareholder
Nanjing Micro Video 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
Jiangsu Shanghai Jiangsu Zhejiang Expressway Co., Ltd. (“Husuzhe Expressway”)	Same ultimate shareholder
Jiangsu Communications Holding Commercial Operation Management Co., Ltd. (“Communications Holding Commercial Operation Company”)	Same ultimate shareholder
Jiangsu Cuipingshan Hotel (“Cuipingshan Hotel”)	Same ultimate shareholder
Jiangsu Communications Holding Training Co., Ltd. (“Communications Holding Training Company”)	Same ultimate shareholder
Jiangsu Xitai Tunnel Co., Ltd. (“Xitai Tunnel Company”)	Same ultimate shareholder
Jiangsu Dongfang Road and Bridge Construction Maintenance Co., Ltd. (“Dongfang R&B Company”)	Same ultimate shareholder
Jiangsu Expressway Operation and Management Center (“Expressway Management Center”)	Same ultimate shareholder
Jiangsu Runyang Bridge Development Co., Ltd. (“Runyang Bridge Company”)	Same ultimate shareholder
Jiangsu Financial Leasing Co., Ltd. (“Jiangsu Leasing Company”)	Same ultimate shareholder
Jiangsu Suxi Changzhou South Expressway Co., Ltd (“Suxi Chang Company”)	Same ultimate shareholder
Jiangsu Expressway Information Engineering Co., Ltd. (“Information Company”)	Associate of the parent company
Suzhou Suchang Auto Repair Service Co., Ltd. (Suchang Auto Repair Company”)	Subsidiary of an associate

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties

The transactions below with related parties were conducted under normal commercial terms or agreements.

(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/Interest expense of loans

Name of related party	Nature of transaction	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
Xiandai R&B Company* Network Operation Company*	Road maintenance fee Maintenance and operating administration fees for toll collection system	281,512,711.07	203,231,844.62
Tongxingbao Company*	Maintenance and operating administration fees for toll collection system	11,828,666.00	12,933,990.00
Maintenance Technology Company*	Road maintenance fee	4,956,865.04	16,856,742.20
Information Company*	Communication system maintenance fee	5,305,452.20	6,376,700.00
Kuailu Company Micro Video Company*	Lease fee of transportation service Three major systems construction and maintenance and computer room and other renovation costs	4,528,698.15 6,977,333.44	6,553,681.81 2,401,180.00
Dongfang R&B Company Huatong Company*	Road maintenance fee Bridge pier replacement fee etc.	1,910,396.00 -	4,784,497.90 1,832,346.33
Culture Media* Communications Holding	Advertising and promotion fee Interest expenses of loans from a related party	2,687,144.15 56,655,910.73	2,785,000.00 56,655,910.73
Communications Holding Communications Holding Group Finance Company*	Cloud Platform Service Fee Fire rescue station project Interest expenses of working capital loan	- 3,262,259.01 10,293,988.24	951,417.58 - 3,497,185.37
Sutong Bridge Company	Interest expenses of entrusted loan	-	5,932,000.00

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Sales and purchase of goods, provision and receipt of services, interest income and expense of loans with related parties (Continued)

Name of related party	Nature of transaction	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
Training Company*	Training fee	2,067,599.90	283,886.60
Training Company*	Outsourcing service fee	3,251,243.83	–
Communications Holding Commercial Operation Company	Material procurement	63,625.34	–
Husuzhe Expressway	Interest expenses of entrusted loan	–	1,759,722.23

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(1) Sales and purchase of goods, provision and receipt of services, interest income and expense of loans with related parties (Continued)

Sale of goods/rendering of services/interest income of loans

Name of related party	Nature of transaction	For the six-	For the six-
		month period ended 30 June 2022	month period ended 30 June 2021
Group Finance Company*	Interest income from deposits	1,141,487.37	1,744,627.23
Kuailu Company	Toll road income	–	3,633.27
Tongxingbao Company*	ETC customer-service network management income	276,863.27	325,793.09
Culture Media*	Advertising income	21,359,282.98	21,223,668.00
Yangtze Bridge Company*	Entrusted management income	6,705,000.00	6,246,415.09
Hutong Bridge Company*	Entrusted management income	3,723,000.00	3,291,415.09
Xiandai R&B Company*	Fueling income	433,840.09	570,476.60
Luode Fund Company	Fueling income	491.28	1,301.20
Xitai Tunnel Company	Entrusted management income	210,000.00	193,396.23
Suxi Chang Company	Entrusted management income	14,352,827.72	–
Suxi Chang Company	Fueling income	25,031.38	–

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(2) Leases

(a) As the lessor

Name of lessee	Type of assets leased	Lease income recognised in the current period	Lease income recognised in the prior period
Freeway Petroleum Company*	Fixed assets	6,623,472.54	9,362,661.11
Taixing Hechang Petroleum Company*	Fixed assets	861,993.36	1,832,912.86
Railway Group Company*	Fixed assets	1,986,820.02	1,956,716.68
Xiandai R&B Company*	Fixed assets	844,999.98	845,000.00

(b) As the lessee

Name of lessor	Type of assets leased	Lease expense recognised in the current period	Lease expense recognised in the prior period
Commercial Operation Company*	Fixed assets	2,661,886.50	1,772,233.20

(3) Guarantee

The Group as the guarantor

Guarantee holder	Amount of guarantee	Inception date of guarantee	Maturity date of guarantee	Guarantee expired (Y/N)
Communications Holding	USD1,610,446.73	15 October 1998	18 July 2027	N

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(4) Funding from related party

Name of related party	Amount of funding (Note)	Inception date	Maturity date	Balance at 30 June 2022	Note
Group Finance Company*	(100,000,000.00)	17 March 2021	16 March 2022	-	Related party loans at 3.15% per annum
Group Finance Company*	(100,000,000.00)	21 April 2021	20 April 2022	-	Related party loans at 3.15% per annum
Group Finance Company*	(100,000,000.00)	15 June 2021	14 June 2022	-	Related party loans at 3.15% per annum
Group Finance Company*	(10,000,000.00)	13 April 2021	12 April 2022	-	Related party loans at 3.15% per annum
Group Finance Company*	100,000,000.00	16 March 2022	15 March 2023	100,000,000.00	Related party loans at 2.95% per annum
Group Finance Company*	100,000,000.00	24 April 2022	23 April 2023	100,000,000.00	Related party loans at 2.95% per annum
Group Finance Company*	100,000,000.00	15 June 2022	14 June 2023	100,000,000.00	Related party loans at 2.95% per annum
Group Finance Company*	8,000,000.00	2 April 2022	1 April 2023	-	Related party loans at 3.30% per annum
Group Finance Company*	(8,000,000.00)	2 April 2022	26 April 2022	-	Related party loans at 3.30% per annum, prepayment on April 26, 2022

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.

(5) Remuneration of key management personnel

The Group

Item	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
Remuneration of key management personnel	3,841,186.00	4,157,800.00

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (Continued)

(6) Other explanations

* Representing the connected transaction as defined in Chapter 14A of the Listing Rules.

6. Receivables from and payables to related parties

(1) Receivables from related parties

Item	Name of related party	30 June 2022	31 December 2021
Bank deposits (Note 1)	Group Finance Company	473,306,715.26	376,438,872.05
Accounts receivable (Note 2)	Freeway Petroleum Company (Note 3)	6,633,713.54	12,224,343.60
	Suzhou Expressway Management	87,669.46	3,236,739.01
	Yanjiang Company	135,969.79	62,213.83
	Yangtze Bridge Company	6,705,000.00	14,189,663.30
	Hutong Bridge Company	3,723,000.00	8,009,505.25
	Kuailu Company	48,864.10	48,864.10
	Xiandai R&B Company	1,098,553.92	233,542.71
	Culture Media	11,314,569.75	21,000.02
	Taixing Hechang Petroleum Company (Note 3)	861,993.36	1,741,251.14
	Engineering Testing Company	124.92	124.92
	Xitai Tunnel Company	210,000.00	410,000.00
	Railway Group Company*	1,986,820.02	–
	Tongxingbao Company*	313,050.38	–
	Suxi Chang Company	14,352,827.72	–
Sub-total		47,472,156.96	40,177,247.88
Prepayment	Information Company	3,000,000.00	3,000,000.00
	Tongxingbao Company	–	258,228.83
	Micro Video Company	–	241,439.96

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Receivables from and payables to related parties (Continued)

(1) Receivables from related parties (Continued)

Item	Name of related party	30 June 2022	31 December 2021
	Sub-total	3,000,000.00	3,499,668.79
Other receivables	Luode Fund Company	31,598,493.35	31,598,493.35
	Xiandai R&B Company	29,135.87	11,287.51
	Network Operation Company	324.00	324.00
	Tongxingbao Company	20,739.30	129,707.00
	Sub-total	31,648,692.52	31,739,811.86
Dividends receivable	Kuailu Company	4,989,960.00	4,989,960.00

Note 1: 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, Changyi Company, Yichang Company, Zhendan Expressway, Yangtze River Management and Longtan Bridge have also participated in this agreement. As at 30 June 2022, the Group has deposited RMB473,306,715.26 (31 December 2021: RMB376,438,872.05) in Group Finance Company in accordance with the financial service agreement.

Note 2: As at 30 June 2022, besides the accounts receivable from related party stated above, there are split toll road fee receivables from Eastern Expressway Company, Jinghu Company and other expressway companies within the toll road network companies ("Toll Road Network Companies") which amounted to RMB240,656,690.80 (31 December 2021: RMB187,226,147.09). 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 2022, the book balances with Freeway Petroleum Company and Taixing Hechang Petroleum Company are lease receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Receivables from and payables to related parties (Continued)

(2) Payables to related parties

Item	Name of related party	30 June 2022	31 December 2021
Accounts payable (Note)	Xiandai R&B Company	252,105,883.74	186,002,617.43
	Yangtze Bridge Company	217,486.82	959,867.31
	Yanjiang Company	109,472.88	1,887,868.20
	Information Company	9,009,121.90	12,835,263.00
	Suzhou Expressway Management	56,201.80	131,574.13
	Network Operation Company	3,447,780.00	1,352,863.00
	Tongxingbao Company	3,924,313.46	3,058,846.38
	Kuailu Company	661,272.28	1,142,183.94
	Micro Video Company	2,360,816.68	2,467,069.97
	Maintenance Technology Company	2,819,622.92	11,245,265.00
	Huatong Company	6,846,511.94	32,420,358.54
	Culture Media	1,922,739.63	3,038,304.92
	Hutong Bridge Company	32,085.58	28,835.87
	Engineering Testing Company	83,000.00	2,454,992.78
	Communications Holding	1,022,207.94	1,022,207.94
	Communications Holding Training	576,000.00	495,030.66
	Company		
	Dongfang R&B Company	1,000,000.00	800,000.00
	Runyang Bridge Company	61,751.23	81,386.13
	Cuipingshan Hotel	75,200.87	3,362.00
Engineering Maintenance Company	826,233.00	826,233.00	
	Sub-total	287,157,702.67	262,254,130.20

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Receivables from and payables to related parties (Continued)

(2) Payables to related parties (Continued)

Item	Name of related party	30 June 2022	31 December 2021
Receipts in advance	Xiandai R&B Company	80,000.00	80,000.00
	Yuxin Ninghu Company	310.00	265.00
	Sub-total	80,310.00	80,265.00
Other payables	Communications Holding	–	930,992.20
	Tongxingbao Company	500.00	303,307.81
	Network Operation Company	1,320.00	1,320.00
	Xiandai R&B Company	19,554,357.37	10,541,871.27
	Luode Fund Company	15,000,000.00	15,000,000.00
	Engineering Testing Company	6,709.59	6,709.59
	Huatong Company	416,602.08	293,637.85
	Dongfang R&B Company	376,181.40	376,181.40
	Information Company	471,288.48	850,970.83
	Suchang Auto Repair Company	48,878.40	48,878.40
Sub-total	35,875,837.32	28,353,869.35	
Short-term loans	Group Finance Company	630,551,082.68	640,638,763.89
Long-term loans (including long-term loans due within 1 year)	Communications Holding	2,763,703,410.09	2,728,852,040.19

Note: As at 30 June 2022, 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 RMB1,969,100.69 (31 December 2021: RMB3,259,415.54). 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

X. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

(1) Capital commitments

Item	30 June 2022	31 December 2021
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>4,473,883,065.78</u>	<u>4,707,197,500.00</u>

2. Contingencies

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 industry 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 the bank. As at 30 June 2022, the outstanding guarantees amounted to approximately RMB285,782,487.34 (31 December 2021: RMB367,604,074.44).

XI. SUBSEQUENT EVENTS

1. Completion of the delivery of equity interest in Yunshan Green Energy

As approved at the Company's 2021 annual general meeting, the Company invested RMB2,457 million to acquire 100% of Yunshan Green Energy's equity. As at the date of disclosure of this announcement, the transfer of equity interest in Yunshan Green Energy has been completed, and business change registration was completed in July.

2. Capital injection to Longtan Bridge Company for the construction of the Longtan Bridge North Connection Project

As a key project to connect Longtan Bridge to the expressway network, the Longtan Bridge North Connection Project is scheduled to commence in the second half of 2022 with a total investment of no more than RMB6,984.59 million, of which the Company will contribute approximately RMB2,095.38 million to increase the capital of Longtan Bridge Company. Longtan Bridge North Connection Project will be opened to traffic at the same time as Longtan Bridge at the end of 2024, giving full play to the synergistic effect. The Company also has direct or indirect shareholding in the operation of cross-river bridges in all cities across rivers in Jiangsu Province, which will further increase its share in the regional expressway network and guarantee the steady growth of the Group's main business revenue.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

XII. OTHER SIGNIFICANT ITEMS

1. Segment reporting

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, including Shanghai-Nanjing Expressway, Ningchang Expressway and Zhenli Expressway, Guangjing Expressway and Xicheng Expressway, Xiyi Expressway and Wuxi Huantaihu Expressway, Zhendan Expressway, Wufengshan Bridge, 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. 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.

(1) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's management regularly reviews the assets, liabilities, revenue, expenses and financial performance, attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible, other non-current and current assets, such as accounts receivable, with the exception of deferred tax assets and other unallocated corporate assets.

Financial performance is operating income (including operating income from external customers and inter-segment operating income) after deducting expenses, depreciation, amortisation and impairment losses attributable to the individual segments. Inter-segment sales are determined with reference to prices charged to external parties for similar orders. Finance expense, investment income, Gains or losses from changes in fair values, part of administrative expense, non-operating income and expenses and tax expenses are not allocated to individual segments.

Information regarding the Group's reportable segments set out below is the measure of segment profit and segment assets and liabilities reviewed by the chief operating decision maker or is otherwise regularly provided to the chief operating decision maker, even if not included in the measure of segment profit and segment assets:

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

XII. OTHER SIGNIFICANT ITEMS (CONTINUED)

1. Segment reporting (Continued)

(1) Segment results, assets and liabilities (Continued)

	Shanghai-Nanjing Expressway		Guangjing Expressway and Xicheng Expressway		Xiyi Expressway and Wuxi Huantaihu Expressway		Changyi Expressway		Yichang Expressway		Ningchang Expressway and Zhenli Expressway	
	30 June 2022/ For the six-month period ended 30 June 2022	31 December 2021/ For the six-month period ended 30 June 2021	30 June 2022/ For the six-month period ended 30 June 2022	31 December 2021/ For the six-month period ended 30 June 2021	30 June 2022/ For the six-month period ended 30 June 2022	31 December 2021/ For the six-month period ended 30 June 2021	30 June 2022/ For the six-month period ended 30 June 2022	31 December 2021/ For the six-month period ended 30 June 2021	30 June 2022/ For the six-month period ended 30 June 2022	31 December 2021/ For the six-month period ended 30 June 2021	30 June 2022/ For the six-month period ended 30 June 2022	31 December 2021/ For the six-month period ended 30 June 2021
Segment operating income	1,901,136,511.47	2,572,116,454.12	302,268,027.43	452,468,020.00	220,023,528.20	230,892,160.35	50,362,037.58	38,746,551.00	67,761,084.64	50,311,054.80	576,263,448.67	661,234,618.37
Operating costs	697,230,886.79	795,750,752.45	177,423,071.74	103,797,953.49	112,847,245.64	149,829,716.79	45,930,486.95	39,692,703.10	64,025,961.14	69,313,250.82	239,071,926.29	297,498,419.87
Including: Amortization of toll roads operation rights	221,567,172.38	302,741,554.21	32,820,095.19	53,362,755.23	64,825,058.12	68,526,942.67	38,869,220.73	33,271,015.03	53,802,408.76	60,054,349.14	161,573,721.48	219,748,421.80
Costs of petrol and other goods sold in service zones	-	-	-	-	-	-	-	-	-	-	-	-
Segment operating profit/(loss)	1,203,905,624.68	1,776,365,701.67	124,844,955.69	348,670,066.51	107,176,282.56	81,062,443.56	4,431,550.63	(946,152.10)	3,735,123.50	(19,002,196.02)	337,191,522.38	363,736,198.50
Reconciling items:												
Less: Taxes and surcharges	6,844,081.44	9,259,619.23	1,088,164.90	1,628,684.87	792,084.70	831,211.78	181,303.34	139,487.58	243,939.90	181,119.80	2,074,548.42	2,380,444.63
Selling expenses	-	-	-	-	-	-	-	-	-	-	-	-
Administrative expenses	31,473,447.42	34,829,032.32	-	-	-	-	-	-	-	-	-	-
Financial expenses	-	-	-	-	-	-	-	-	-	-	-	-
Add: Other income	9,440,794.61	9,523,372.29	62,276.00	15,874.00	-	-	34,000.00	-	16,000.00	-	1,970,339.75	2,459,920.27
Investment income	-	-	-	-	-	-	-	-	-	-	-	-
Gains or losses from changes in fair values	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses of credit	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses of assets	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) from disposal of assets	-	-	-	-	29,346,100.00	-	-	-	-	-	-	-
Operating profit/(loss)	1,175,028,880.63	1,741,800,422.41	123,819,066.79	347,057,055.64	135,730,297.86	80,231,231.78	4,284,247.29	(1,085,639.68)	3,507,183.60	(19,183,315.82)	337,087,313.71	363,815,674.14
Non-operating income	-	-	-	-	-	-	-	-	-	-	-	-
Non-operating expenses	-	-	-	-	-	-	-	-	-	-	-	-
Total profit/(loss)	1,175,028,880.63	1,741,800,422.41	123,819,066.79	347,057,055.64	135,730,297.86	80,231,231.78	4,284,247.29	(1,085,639.68)	3,507,183.60	(19,183,315.82)	337,087,313.71	363,815,674.14
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-
Net profit/(loss)	1,175,028,880.63	1,741,800,422.41	123,819,066.79	347,057,055.64	135,730,297.86	80,231,231.78	4,284,247.29	(1,085,639.68)	3,507,183.60	(19,183,315.82)	337,087,313.71	363,815,674.14
Total segment assets	8,449,103,882.45	8,820,919,262.86	746,492,858.98	884,939,073.59	1,482,380,867.27	1,616,142,265.31	3,636,552,514.66	3,727,547,078.28	3,659,519,280.06	3,799,790,747.18	4,327,117,466.23	4,588,205,488.21

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

XII. OTHER SIGNIFICANT ITEMS (CONTINUED)

1. Segment reporting (Continued)

(1) Segment results, assets and liabilities (Continued)

	Zhendan Expressway		Wufengshan Bridge		Longtan Bridge		Ancillary services	
	30 June 2022/ For the six-month period ended 30 June 2022	31 December 2021/ For the six-month period ended 30 June 2021	30 June 2022/ For the six-month period ended 30 June 2022	31 December 2021/ For the six-month period ended 30 June 2021	30 June 2022/ For the six-month period ended 30 June 2022	31 December 2021/ For the six-month period ended 30 June 2021	30 June 2022/ For the six-month period ended 30 June 2022	31 December 2021/ For the six-month period ended 30 June 2021
Segment operating income	36,465,829.89	45,138,428.10	179,138,408.03	4,386.65	-	-	447,715,717.78	702,455,980.21
Operating costs	27,671,309.56	29,369,673.00	98,521,691.80	1,057,282.02	-	-	507,196,431.13	606,773,729.36
Including: Amortization of toll roads operation rights	15,212,997.02	9,368,334.89	69,344,022.52	980,700.67	-	-	-	-
Costs of petrol and other goods sold in service zones	-	-	-	-	-	-	362,459,208.51	469,072,174.35
Segment operating profit/(loss)	8,794,520.33	15,768,755.10	80,616,716.23	(1,052,895.37)	-	-	(59,480,713.35)	95,682,250.85
Reconciling items:								
Less: Taxes and surcharges	131,276.99	162,498.34	644,898.27	15.79	-	-	2,535,528.80	3,548,292.48
Selling expenses	-	-	-	-	-	-	-	-
Administrative expenses	-	-	-	-	-	-	-	-
Financial expenses	-	-	-	-	-	-	-	-
Add: Other income	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Gains or losses from changes in fair values	-	-	-	-	-	-	-	-
Impairment losses of credit	-	-	-	-	-	-	-	-
Impairment losses of assets	-	-	-	-	-	-	-	-
Gains(losses) from disposal of assets	-	-	-	-	-	-	-	-
Operating profit/(loss)	8,663,243.34	15,606,256.76	79,971,817.96	(1,052,911.16)	-	-	(62,016,242.15)	92,133,958.37
Non-operating income	-	-	-	-	-	-	-	-
Non-operating expenses	-	-	-	-	-	-	-	-
Total profit/(loss)	8,663,243.34	15,606,256.76	79,971,817.96	(1,052,911.16)	-	-	(62,016,242.15)	92,133,958.37
Income tax expenses	-	-	-	-	-	-	-	-
Net profit/(loss)	8,663,243.34	15,606,256.76	79,971,817.96	(1,052,911.16)	-	-	(62,016,242.15)	92,133,958.37
Total segment assets	1,694,121,171.21	1,701,432,463.68	11,995,101,347.32	12,170,857,137.90	2,432,026,876.10	2,006,205,132.24	600,299,960.26	381,457,634.05

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

XII. OTHER SIGNIFICANT ITEMS (CONTINUED)

1. Segment reporting (Continued)

(1) Segment results, assets and liabilities (Continued)

	Real estate development		Advertising and others		Unallocated items and Consolidation offset		Total	
	30 June 2022/ For the six-month period ended 30 June 2022	31 December 2021/ For the six-month period ended 30 June 2021	30 June 2022/ For the six-month period ended 30 June 2022	31 December 2021/ For the six-month period ended 30 June 2021	30 June 2022/ For the six-month period ended 30 June 2022	31 December 2021/ For the six-month period ended 30 June 2021	30 June 2022/ For the six-month period ended 30 June 2022	31 December 2021/ For the six-month period ended 30 June 2021
Segment operating income	274,167,277.87	251,537,118.91	72,503,519.68	56,859,939.49	425,821,793.86	-	4,553,627,185.10	5,061,764,712.00
Operating costs	203,395,286.20	89,306,984.48	36,961,563.86	37,710,604.13	425,821,793.86	-	2,636,097,654.96	2,220,101,069.51
Including: Amortization of toll roads operation rights	-	-	-	-	-	-	658,004,696.20	748,054,073.64
Costs of petrol and other goods sold in service zones	-	-	-	-	-	-	362,459,208.51	469,072,174.35
Segment operating profit/(loss)	70,771,991.67	162,230,134.43	35,541,955.82	19,149,335.36	-	-	1,917,529,530.14	2,841,663,642.49
Reconciling items:	-	-	-	-	-	-	-	-
Less: Taxes and surcharges	29,624,589.01	44,470,474.00	1,679,538.66	664,446.48	-	-	45,839,964.42	63,266,494.98
Selling expenses	6,093,714.35	13,038,092.98	-	-	-	-	6,093,714.35	13,038,092.98
Administrative expenses	-	-	-	-	57,837,412.77	39,015,939.63	89,310,860.19	73,844,971.95
Financial expenses	-	-	-	-	481,451,513.40	293,958,394.97	481,451,513.40	293,958,394.97
Add: Other income	90,893.29	50,318.49	-	-	187,987.50	65,851.65	11,802,291.35	12,115,336.70
Investment income	-	-	-	-	797,779,932.39	712,266,896.33	797,779,932.39	712,266,896.33
Gains or losses from changes in fair values	-	-	-	-	35,105,006.37	314,007,325.26	35,105,006.37	314,007,325.26
Impairment losses of credit	-	-	-	-	-	-	-	-
Impairment losses of assets	-	-	-	-	-	-	-	-
Gains/(losses) from disposal of assets	(8.74)	(2,033.85)	-	-	-	-	29,346,091.26	(2,033.85)
Operating profit/(loss)	35,144,572.86	104,769,852.09	33,862,417.17	18,484,888.88	293,784,000.09	693,365,738.64	2,168,866,799.15	3,435,943,212.05
Non-operating income	-	-	-	-	5,347,967.82	7,809,364.22	5,347,967.82	7,809,364.22
Non-operating expenses	-	-	-	-	9,725,668.40	8,115,468.09	9,725,668.40	8,115,468.09
Total profit/(loss)	35,144,572.86	104,769,852.09	33,862,417.17	18,484,888.88	289,406,299.51	693,059,634.77	2,164,489,098.57	3,435,637,108.18
Income tax expenses	-	-	-	-	445,190,785.22	734,392,901.87	445,190,785.22	734,392,901.87
Net profit/(loss)	35,144,572.86	104,769,852.09	33,862,417.17	18,484,888.88	(155,784,485.71)	(41,333,267.10)	1,719,298,313.35	2,701,244,206.31
Total segment assets	4,131,553,408.46	2,836,469,080.78	3,750,134,509.28	1,072,986,949.87	23,162,959,863.42	24,055,068,408.50	70,067,364,005.70	67,662,020,722.45

(2) Geographical information

All income and non-current assets of the Group are from/located in Jiangsu Province.

(3) Major customers

there is no reliance on specific customers.

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

XIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(1) Accounts receivable by customer type are as follows : ‘

Type	30 June 2022	31 December 2021
Amounts due from related party	118,924,742.32	218,453,512.50
Amounts due from third party	374,121,816.61	171,248,008.51
Sub-total	493,046,558.93	389,701,521.01
Less: Provision for bad and doubtful debts	129,013.48	129,013.48
Total	492,917,545.45	389,572,507.53

(2) The ageing analysis of accounts receivable is as follows:

Ageing	30 June 2022	31 December 2021
Within 1 year (inclusive)	451,897,327.58	383,250,847.02
Over 1 year but within 2 years (inclusive)	41,149,231.35	6,450,673.99
Sub-total	493,046,558.93	389,701,521.01
Less: Provision for bad and doubtful debts	129,013.48	129,013.48
Total	492,917,545.45	389,572,507.53

The ageing is counted starting from the date when accounts receivable are recognised.

(3) Accounts receivable by provisioning method

Category	30 June 2022					31 December 2021				
	Book value		Provision for bad and doubtful debts		Carrying amount	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Collective assessment	493,046,558.93	100.00	129,013.48	100.00	492,917,545.45	389,701,521.01	100.00	129,013.48	100.00	389,572,507.53

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

XIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

(4) Movements of provisions for bad and doubtful debts

	<i>Note</i>	30 June 2022	31 December 2021
Balance at the beginning of the year		129,013.48	244,028.10
Additions during the period		-	-
Recoveries or reversals during the period		-	(115,014.62)
Written-off during the period	(5)	-	-
Balance at the end of the period		129,013.48	129,013.48

(5) Accounts receivable written off during the period

Item	30 June 2022	31 December 2021
Accounts receivable written off	-	-

(6) Five largest accounts receivable by debtor at 30 June 2022:

The five largest accounts receivable of the Company amounted to RMB320,738,123.94, accounting for 65.07% of the total accounts receivable at the end of the year, and the corresponding balance of provision for bad and doubtful debts is RMB0.

(7) Derecognition of accounts receivable due to transfer of financial assets:

The Company has no accounts receivable derecognition due to transfer to financial assets this year (2021: none).

(8) Assets and liabilities recognised due to the continuing involvement of accounts receivable transferred:

The Company does not transfer receivables this year and continues to involve in the formation of assets and liabilities (2021: none).

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

XIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables

	Note	30 June 2022	31 December 2021
Dividends receivable	(1)	39,180,099.60	4,989,960.00
Others	(2)	6,490,237.95	5,944,028.98
Total		45,670,337.55	10,933,988.98

(1) Dividends receivable

(a) Dividends receivable by category:

investee	30 June 2022	31 December 2021
Yangtze Bridge Company	34,190,139.60	–
Kuailu Company	4,989,960.00	4,989,960.00
Total	39,180,099.60	4,989,960.00

(2) Others

(a) Others by customer type:

Customer type	30 June 2022	31 December 2021
Amounts due from related party	690,605.52	–
Amounts due from third party	21,711,989.33	21,856,385.88
Sub-total	22,402,594.85	21,856,385.88
Less: Provision for bad and doubtful debts	15,912,356.90	15,912,356.90
Total	6,490,237.95	5,944,028.98

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

XIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

(2) Others (Continued)

(b) The ageing analysis is as follows:

Ageing	30 June 2022	31 December 2021
Within 1 year (inclusive)	4,856,209.59	4,928,122.77
Over 1 year but within 2 years (inclusive)	953,272.55	237,769.54
Over 2 years but within 3 years (inclusive)	2,818.39	734,423.50
Over 3 years	16,590,294.32	15,956,070.07
Sub-total	22,402,594.85	21,856,385.88
Less: Provision for bad and doubtful debts	15,912,356.90	15,912,356.90
Total	6,490,237.95	5,944,028.98

The ageing is counted starting from the date when other receivables are recognised.

(c) Others by method of provisioning

Category	30 June 2022					31 December 2021				
	Book value		Provision for bad and doubtful debts		Carrying amount	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Individual assessment	15,812,140.02	70.58	15,812,140.02	99.37	-	15,812,140.02	72.35	15,812,140.02	99.37	-
Collective assessment	6,590,454.83	29.42	100,216.88	0.63	6,490,237.95	6,044,245.86	27.65	100,216.88	0.63	5,944,028.98
Total	22,402,594.85	100.00	15,912,356.90	100.00	6,490,237.95	21,856,385.88	100.00	15,912,356.90	100.00	5,944,028.98

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

XIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

(2) Others (Continued)

(d) Movements of provision for bad and doubtful debts

Provision for bad and doubtful debts	30 June 2022				31 December 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
		Lifetime	Lifetime			Lifetime	Lifetime	
		ECL –	ECL –			ECL –	ECL –	
	12-month	Not credit	Credit		12-month	Not credit	Credit	
	ECL	impaired	impaired		ECL	impaired	impaired	
Balance at the beginning of the year	100,216.88	-	15,812,140.02	15,912,356.90	100,216.88	-	15,812,140.02	15,912,356.90
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Reverse to stage 2	-	-	-	-	-	-	-	-
Reverse to stage 1	-	-	-	-	-	-	-	-
Transfer from merger of Ningchang Zhenli	-	-	-	-	-	-	-	-
Additions during the period	-	-	-	-	-	-	-	-
Recoveries or reversals during the period	-	-	-	-	-	-	-	-
Written-off during the period	-	-	-	-	-	-	-	-
Balance at the end of the period	100,216.88	-	15,812,140.02	15,912,356.90	100,216.88	-	15,812,140.02	15,912,356.90

(e) Others categorised by nature

Nature of other receivables	30 June 2022	31 December 2021
Amounts of investment clearance	15,812,140.02	15,812,140.02
Petty cash	2,712,500.00	3,720,899.80
Construction deposit	-	-
Other insignificant amounts	3,877,954.83	2,323,346.06
Sub-total	22,402,594.85	21,856,385.88
Less: Provision for bad and doubtful debts	15,912,356.90	15,912,356.90
Total	6,490,237.95	5,944,028.98

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

XIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

(2) Others (Continued)

(f) Five largest others-by debtor at 30 June 2022

Debtor	Nature of the receivable	Balance at the end of the current period	Ageing	Percentage of ending balance of others (%)	Ending balance of provision for bad and doubtful debts
Jiangsu Yixing Highway Administration Department	Amounts of investment clearance	15,812,140.02	Over 3 years	-	15,812,140.02
Shanghai Chitra Auto Service Co., Ltd.	Water bill advance	161,087.76	Within 1 year	2.48	-
Wuxi China Resources Gas Co., Ltd.	Natural gas deposit	135,000.00	Over 3 years	2.08	-
Ping An of China Property and Casualty Insurance Co., Ltd.	Insurance premiums	120,518.75	Within 1 year	1.86	-
Suzhou Power Supply Company of State Grid Jiangsu Province Electric Power Co., Ltd.	Electricity	113,500.00	Within 1 year	1.75	-
Total		16,342,246.53		8.17	15,812,140.02

3. Long-term equity investments

Item	30 June 2022			31 December 2021		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Investments in subsidiaries	9,646,646,488.85	-	9,646,646,488.85	9,611,646,488.85	-	9,611,646,488.85
Investments in associates	7,189,943,603.87	-	7,189,943,603.87	7,029,300,299.87	-	7,029,300,299.87
Less: Provisions	-	-	-	-	-	-
Total	16,836,590,092.72	-	16,836,590,092.72	16,640,946,788.72	-	16,640,946,788.72

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

XIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (Continued)

(1) Investments in subsidiaries:

Subsidiary	Balance at the beginning of the period	Increase during the current period	Decrease during the current period	Balance at 30 June 2022	Provision made during the current period	Impairment at 30 June 2022
Guangjing Xicheng Company	2,125,000,000.00	-	-	2,125,000,000.00	-	-
Ninghu Properties	500,000,000.00	-	-	500,000,000.00	-	-
Ninghu Investment	1,919,434,377.98	35,000,000.00	-	1,954,434,377.98	-	-
Zhendan Company	423,910,000.00	-	-	423,910,000.00	-	-
Wufengshan Bridge	3,112,980,000.00	-	-	3,112,980,000.00	-	-
Hanwei Company	374,499,800.00	-	-	374,499,800.00	-	-
Longtan Bridge	1,005,090,000.00	-	-	1,005,090,000.00	-	-
Ninghu International	732,310.87	-	-	732,310.87	-	-
Yangtze Commerce and Energy Company	100,000,000.00	-	-	100,000,000.00	-	-
Yangtze River Management	50,000,000.00	-	-	50,000,000.00	-	-
Total	9,611,646,488.85	35,000,000.00	-	9,646,646,488.85	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

XIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (Continued)

(2) Investments in associates

Investee	Balance at the beginning of the period	Movements during the current period					Balance at 30 June 2022	Balance of provision for impairment at 30 June 2022
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Declared distribution of cash dividends or profits		
Kuailu Company	28,740,219.61	-	-	1,125,600.00	-	-	29,865,819.61	-
Zijin Trust	1,966,115,135.81	-	-	44,324,233.59	-	-	2,010,439,429.40	-
Suzhou Expressway Management	2,122,416,385.68	-	-	49,015,698.00	-	-	2,171,431,983.68	-
Yangtze Bridge Company	2,007,584,646.61	-	-	102,200,629.31	(17,681,627.67)	(34,190,139.60)	2,057,913,508.65	-
Group Finance Company	682,500,636.31	-	-	17,982,500.00	-	(12,500,000.00)	687,983,136.31	-
Xiandai R&B Company	111,707,608.75	-	-	5,380,971.50	-	-	117,088,580.25	-
Culture Media Network Operation	71,504,311.96	-	-	3,403,052.01	-	-	74,907,363.97	-
Company	27,236,426.33	-	-	807,260.00	-	-	28,043,686.33	-
Yuexin Ninghu Company	11,494,928.81	-	-	775,166.86	-	-	12,270,095.67	-
Total	7,029,300,299.87	-	-	225,015,071.27	(17,681,627.67)	(46,690,139.60)	7,189,943,603.87	-

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

XIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Operating income and operating costs

(1) Operating income and operating costs

Item	Note	For the six-month period ended 30 June 2022		For the six-month period ended 30 June 2021	
		Income	Cost	Income	Cost
Principal activities		2,917,525,129.00	1,410,156,240.66	3,912,452,407.62	1,673,004,739.16
Other operating activities		40,174,811.63	–	13,463,449.64	–
Total		<u>2,957,699,940.63</u>	<u>1,410,156,240.66</u>	<u>3,925,915,857.26</u>	<u>1,673,004,739.16</u>

(2) Disaggregation of revenue from contracts with customers

Type of contract	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
By timing of transferring goods or services		
Revenue recognized at a point in time	2,875,483,522.39	3,822,615,632.57
Revenue recognized over time	40,174,811.63	13,463,449.64
Total	<u>2,915,658,334.02</u>	<u>3,836,079,082.21</u>

5. Investment income

Item	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
Income from long-term equity investments accounted for using equity method	225,015,071.27	314,731,736.26
Income from long-term equity investments accounted for using cost method	–	62,942,229.96
income from investments in other equity instruments during the holding period	296,993,920.00	128,765,260.00
Investment income from disposal of financial assets held for trading	83,002,877.00	8,837,909.27
Interest income from loans	36,439,483.26	32,910,128.67
Total	<u>641,451,351.53</u>	<u>548,187,264.16</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six-month period ended 30 June 2022

XIV EXTRAORDINARY GAINS AND LOSSES IN THE CURRENT PERIOD

Item	Amount	Note
(1) Disposal of non-current assets	29,346,091.26	Note 1
(2) Government grants recognised through profit or loss (excluding those having close relationships with the Group's operation and enjoyed in fixed amount or quantity according to uniform national standard)	11,802,291.35	Note 1
(3) Changes in fair value of financial assets and liabilities held for trading and derivative financial assets and liabilities, and disposal of financial assets and liabilities held for trading, derivative financial assets and liabilities and other debt investments, other than those held for effective hedging related to normal operations	130,088,046.60	Note 1
(4) Other non-operating income and expenses besides items above	(4,377,700.58)	Note 1
Sub-total	166,858,728.63	
(5) Tax effect	(41,714,682.15)	
(6) Effect on non-controlling interests after taxation	(5,600,775.91)	
Total	119,543,270.57	

Note: Extraordinary gain and loss items listed above are presented in the amount before taxation.

XV. RETURN ON NET ASSETS AND EARNINGS PER SHARE

In accordance with "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities No.9 – Calculation and Disclosure of the Return on Net Assets and Earnings Per Share" (2010 revised) issued by the CSRC and relevant accounting standards, the Group's return on net assets and earnings per share are calculated as follows:

Profit for the reporting period	Weighted average return on net assets (%)	Basic earnings per share	Diluted earnings per share
Net profit attributable to the Company's ordinary equity shareholders	5.55	0.3470	0.3470
Net profit excluding extraordinary gain and loss attributable to the Company's ordinary equity shareholders	5.18	0.3233	0.3233

SECTION XI SUPPLEMENTARY INFORMATION

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS

APPLICABLE NOT APPLICABLE

Unit: YUAN CURRENCY: RMB

Item	Amount	Explanation
Gains or losses on disposal of non-current assets	29,346,091.26	
Government grants recognized in profit or loss for the current period (excluding those that are closely related to the ordinary operations of the Company, and subject to fixed amounts or fixed quantity under national unified standards)	11,802,291.35	Mainly the recognition of the deductible portion of value added tax and the compensation concerning the construction of transformation project of expressway toll stations at provincial boundaries during the Reporting Period.
Gains or losses from changes in fair values of held-for-trading financial assets, and investment gains from disposal of financial assets held for trading, other than effective hedging activities related to ordinary business operations of the Company	130,088,046.60	
Other non-operating income or expenses other than the above	-4,377,700.58	
Sub-total	<u>166,858,728.63</u>	
Less: Effects of income tax	41,714,682.15	
Effects attributable to minority interests (after tax)	5,600,775.91	
Total	<u><u>119,543,270.57</u></u>	

Note: The above-mentioned recurring profit or loss items are stated at amounts before tax.

For the extraordinary profit or loss items in conformity with the definition of “extraordinary profit or loss items” as set out in the Explanatory Announcement No. 1 of Information Disclosure for Companies Offering Their Securities to the Public – Extraordinary Profit or Loss Items and the determination of the extraordinary profit or loss items that are in conformity with the definition of “extraordinary profit or loss items” as set out in the Explanatory Announcement No. 1 of Information Disclosure for Companies Offering Their Securities to the Public – Extraordinary Profit or Loss Items as recurring profit or loss items, reasons should be given.

APPLICABLE NOT APPLICABLE

SECTION XI SUPPLEMENTARY INFORMATION

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE (“EPS”)

APPLICABLE NOT APPLICABLE

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	5.55	0.3470	0.3470
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profits or losses	5.18	0.3233	0.3233

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

APPLICABLE NOT APPLICABLE

4. OTHERS

APPLICABLE NOT APPLICABLE

Chairman of the Board: Chen Yunjiang

Date of Approval and Submission by the Board: 26 August 2022

REVISION

APPLICABLE NOT APPLICABLE